FINANCIAL TIMES

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WORLD NEWS

Hurd will not intervene on pub bombing

Home Secretary Douglas Hurd said yesterday he would not recommend the Royal Perogative of Mercy for the six Irishmen who lost their appeal on Thursday against convictions for the 1974 Birmingham pub bombings which killed 21 people.

He announced in a parliamentary written answer: "The Court of Appeal has considered the issues at length, I would not think it right to intervene in the absence of any indication from the courts that I should consider doing so." Page 4

NZ cabinet crisis

New Zealand Finance Minister Roger Douglas abandoned a European tour and flew home for an emergency cabinet meeting over Prime Minister David Lange's shelving of radical tax reform plans. Page 2

Setback for nuclear plan

A Munich court declared invalid West Germany's plan for a nuclear reprocessing plant in Bavaria because of inadequate safeguards against radiation dangers. Back Page

Currie private health call

Junior health minister Edwina Currie advocated a speedy tripling in the turnover of the private health sector to more than £2bn a year. Back page

ILEA told to cut £58.5m

The Government told the Inner London Education Authority to cut its budget plans by £58.5m to £985m. Page 4

Hurdle for abortion bill

Liberal MP David Alton's abortion bill faces a further Commons hurdle. A procedural manoeuvre means the bill's opponents can use up its time on another bill. Page 3

Seamen feared drowned

Twelve seamen were missing, feared drowned, after the Cypriot-registered cargo ship Rolandia sank in a gale 820 miles south-west of Land's End.

Motorway pile-up

Eight people were injured, two seriously, in a pile-up in fog on the M1 near Wakefield. Up to 30 vehicles were involved.

Cancer centre opens

Health minister Tony Newton opened at Margaret's Hospital, Epping, the first of a national network of 120 breast cancer screening centres.

Sunday racing bill falls

A bill to legalise commercial sports events on Sundays and to allow on and off-course betting at Sunday race meetings was talked out by MPs. Page 4

Docklands chief resigns

The chief executive of the London Docklands Development Corporation, Major General Jeremy Rougier, resigned suddenly for private reasons after only three weeks. Page 4

Murderer jailed

Kenneth Erskine, a 24-year-old drifter, was jailed for life at the Old Bailey for the murder of seven elderly people in South London in 1986. The judge recommended that he serve 40 years.

Three detained in Chile

Chilean Labour leader Manuel Bustos and two other opponents of President Augusto Pinochet were detained on Friday, witnesses said.

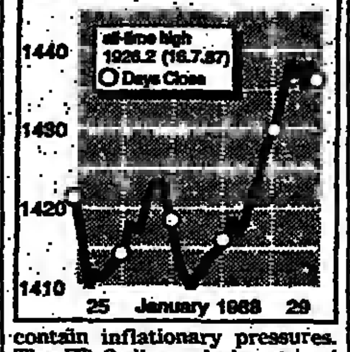
BUSINESS SUMMARY

Transport group plans flotation

NATIONAL Freight Consortium, the employee-owned transport and distribution group, could join the stock market late this year following the board's decision to press ahead with plans for a flotation. The news is expected on Tuesday, when the group will reveal a large profits increase for the fifth successive year. Back Page

EQUITIES rose in London but remained checked by a second warning from the Governor of the Bank of England that interest rates may have to rise to

FT Index
Ordinary Share (hourly movements)



contain inflationary pressures. The FT Ordinary Index gained 5.7 points to close at 1,435.7, ending the week up 14.7. The FT-SE 100 Index rose 6.9 to 1,790.8, an increase on the week of 19.9. Page 12; Governor's warning, Page 4; Lex, Back Page.

LI KA-SHING, chief of foor leading Hong Kong companies, announced two ambitious housing projects in the territory, worth a total of HK$7.8bn (£558.7m). Back Page

ATLANTIC Richfield, US oil company, said it was committed to selling its 24 per cent stake in Britoil to British Petroleum, dashing the independent oil company's hopes of finding a white knight in its fight against BP's takeover bid. Back Page

TEXACO, US oil company, confirmed it was writing off $4.9bn (£2.8bn) to settle a legal dispute with rival Pennzoil and to restructure its operations, and announced annual net losses of $4.41bn against profits of $725m. Page 10

FIAT, largest Italian private sector company, announced a sharp rise in operating profit to L3,220bn (£1.5bn) from L2,457bn. Page 10

FRANK RENOUF and Company, leading New Zealand stockbroking firm, blamed the economic climate and the state of the stock market for its decision to cease trading. Page 10

JAPAN'S current account surplus turned upward last month, reaching $9.4bn (£5.2bn), hit by the delayed effects of currency exchange rate changes. Page 3

WEST GERMAN trade surplus reached a record DM13bn (£4.4bn) last month, giving a record last year of DM117.5bn, against DM112.6bn.

BAT INDUSTRIES, British-based tobacco multinational, is seeking a $8.2bn (£1.8bn) Euromarkets loan to help finance its $4bn hostile bid for US insurance company Farmers Group.

STANDARD Chartered, London-based International bank, is to strengthen its financial position through the sale of a US subsidiary for up to $210m (£118m). Page 8

POLAND'S economy grew by 2 per cent last year, down sharply on the 3 per cent target and on the 4.9 per cent achieved in 1986.

MARKETS

DOLLAR

New York lunchtime:
- DM 1.6795
- FFr 5.659
- SFr 1.368
- Y127.875

London:
- DM 1.6775 (1.666)
- FFr 5.555 (5.5175)
- SFr 1.367 (1.355)
- Y127.75 (127.15)

Dollar index 93.9 (94)
Tokyo close Y127.18

US LUNCHTIME RATES

Fed Funds 6¾%.
3-month Treasury Bills: yield: 5.82%
Long Bond: 104⅝ yield: 8.45%

GOLD

New York: Comex April $458.5 (471.5)
London: $456.25 (466.5)

STERLING

New York lunchtime $1.765
London: $1.77 (1.783)
- DM 2.97 (same)
- FFr 10.01 (10.015)
- SFr 2.42 (2.4175)
- Y226.25 (226.75)

Sterling index 74.3 (74.4)

LONDON MONEY

3-month interbank: closing rate 8¾% (8⅝)

NORTH SEA OIL

Brent 15-day Feb (Argus) $16.25 (16.15)

STOCK INDICES

FT Ord 1,435.7 (+5.7)
FT-A All Share 915.84 (+0.5%)
FT-SE 100 1,790.8 (+6.9)
FT-A long gilt yield index: High coupon: 9.33 (9.31)
New York lunchtime: DJ Ind Av 1,926.23 (-3.81)
Tokyo: Nikkei 23,622.32 (+35.07)

Chief price changes yesterday: Back Page

Austria Sch22; Bahrain Din0.650; Bermuda $1.50; Belgium BFr48; Canada C$1.00; Cyprus C£0.75; Denmark DKr9.00; Egypt E£2.25; Finland Fmk7.00; France FFr6.50; Germany DM2.20; Greece Dr100; Hong Kong HK$12; India Rup15; Indonesia Rp3,100; Israel NS3.50; Italy L1600; Japan Y600; Jordan Fils500; Kuwait Fils500; Lebanon $L125; Luxembourg LFr48; Malaysia Rin4.25; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3.00; Norway Nkr10.00; Philippines Pes20; Portugal Esc100; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta125; Sri Lanka Rup30; Sweden SKr9.00; Switzerland SFr2.20; Taiwan NT$85; Thailand Bht50; Tunisia Din0.800; Turkey L500; UAE Dh6.50; USA $1.00.
SELLING PRICE IN IRELAND 60p

Action by pit deputies threatens disruption of coal production

BY JIMMY BURNS, LABOUR STAFF

COAL PRODUCTION is threatened with widespread disruption because of an overtime ban this weekend and a 24-hour strike on Monday by Nacods, the pit deputies' union.

In a strong statement last night, British Coal accused the union of acting "with unseemly haste rarely matched in UK industrial relations".

The statement said the timing of the strike "had some relationship" to a National Union of Mineworkers delegate conference, which on Tuesday will consider stepping up the NUM's overtime ban.

"We can only conclude that the action taken indicates an unholy alliance between militants in Nacods and the NUM who are seeking to create disorder and mayhem in the industry," British Coal said.

Nacods' decision to hold the first national stoppage in its history follows a ballot this week in which 90 per cent favoured industrial action, excluding an indefinite strike, over a pay offer. The voting was 6,888 to 731.

Pit deputies have statutory responsibility for colliery safety. Miners cannot go underground unless a qualified deputy or manager is present. The overtime ban is expected to delay maintenance work until Tuesday.

British Coal says it is offering either a 4.28 per cent increase in the weekly wage rate or reintroduction of incentive payments with enhanced hourly rates for weekend attendance.

Nacods claims the offer ties its 10,000 members to an extra two hours' overtime a week. It argues that such linkage could be used by the corporation to implement six-day working without national negotiations.

British Coal argues that by taking industrial action Nacods is blatantly in breach of conciliation procedures designed to prevent union members stopping work while a pay issue is being negotiated. British Coal referred the 4.2 pay offer to the National Reference Tribunal on Tuesday.

Mr Eddie Lane, Nacods general secretary for the Midlands area, who earlier argued against industrial action, yesterday accused British Coal of deliberately seeking a confrontation with the aim of "breaking the union".

"British Coal have adopted an all powerful, all mighty, take it or leave it attitude. Our members have said enough is enough," Mr Lane said.

Nacods' action after Monday is limited to mid-week overtime bans but officials warned that action could be stepped up if there was no agreement with British Coal.

The NUM's overtime ban over British Coal's revised disciplinary code, does not affect safety and maintenance work so that full five-day working is virtually guaranteed. The NUM will next week consider stepping up this overtime ban.

The Nacods action is potentially more disruptive because it involves Nottinghamshire and other pits organised by the Union of Democratic Mineworkers.

Nacods members last year agreed to forfeit bonus payments made to miners after an extra £10 a week was consolidated into their basic wage of over £240.

The deputies claim, however, that differentials between them and the miners have narrowed considerably because of increased productivity.

Mr Lane said that in the Midlands area bonus payments were giving miners up to 10 times more than was earned by pit supervisors on crucial weekend shifts.

De Benedetti considers Société Générale deal

BY TIM DICKSON AND JOHN WYLES IN BRUSSELS

MR CARLO De Benedetti, the Italian industrialist who last week launched a dramatic bid to win control of Société Générale de Belgique, Belgium's largest holding company, appeared last night to be ready for a possible compromise with Mr André Leysen, the beleaguered company's leading defender.

Mr Leysen had earlier claimed in Brussels that he had sufficient support from leading institutions in Belgium and elsewhere in Europe to frustrate Mr De Benedetti's ambitions, and that if legal obstacles were removed his group would finish with a 34.25 per cent stake in Société Générale.

At the same time Mr Leysen, chairman of Gevaert, another Belgian holding company, and former president of Agfa Gevaert, the photographic and films group, appealed to Mr De Benedetti to join him in burying differences and working out a common strategy for Société Générale de Belgique "in a European context."

The first reaction from Mr De Benedetti came last night. Cerus, his Paris-based financial holding company, which directly and indirectly owns 18.6 per cent of Société Générale and has announced plans to make a partial offer for the rest, said that "it had always shown its willingness to ally itself with Belgian groups who shared its aims."

It added that "in this spirit, taking account of the initiative of Mr Leysen, Cerus is ready to discuss with him and his partners the details of an agreement."

Cerus said that it had also noted "with satisfaction that Mr Leysen shared the same analysis as Mr De Benedetti that Société Générale needed to be managed by a board representative of shareholders and not by a group appointed from the inside."

However, the statement added that "as effectively the leading shareholder in Société Générale, Cerus naturally retained the right to proceed with the legal actions which it has begun in the interests of defending all shareholders."

Earlier yesterday, Société Générale shares rose BFr140 (£2.25) to BFr3,430 in hectic dealings on the Brussels stock exchange. Volume reached an unprecedented 735,000 shares and brokers suggested that allies of Mr Leysen and of Mr De Benedetti were trying to strengthen their positions.

In spite of Mr Leysen's confidence yesterday – "For us the mission is accomplished; an unfriendly takeover is now impossible" – he admitted that the success or failure of his initiative now hinged entirely on a crucial court judgment due to be delivered in Brussels on Wednesday. This concerns the legality of the Société Générale board's plans to issue up to 12m new shares into "safe hands" – a tactic designed to dilute the holding of Mr De Benedetti and which led directly to Mr Leysen's own initiative.

"If this goes against us we will end up with just 4 per cent; we will be forbidden from buying shares in the market, and as a result Mr De Benedetti will be completely out of reach and therefore the winner."

In spite of Mr Leysen's olive branch to Mr De Benedetti – and the possible peace token offered in return – analysts in Brussels said that much depended on whether the two groups could work together.

Leysen claims the old lady's hand, page 10.

Last-ditch talks at Ford

BY JOHN GAPPER AND KEVIN DONE

FORD MOTOR Company is to hold last-ditch talks with unions representing its 32,500 manual workers tomorrow in an effort to stop a national strike from Monday over its far-reaching three-year pay and conditions offer.

The move came as unions at Vauxhall Motors decided to hold a strike ballot of 8,000 production workers at the company's plants in Luton, Bedfordshire and Ellesmere Port, Cheshire, over a two-year pay offer involving changes in working practices.

A strike at Ford could be highly damaging for the company because the UK is the sole source of several key components used in Ford's continental vehicle assembly in West Germany, Belgium and Spain as part of a highly integrated manufacturing operation.

The company agreed to talks on Sunday after a request from Mr Mick Murphy, national automotive officer of the Transport and General Workers' Union, who said that Ford's unions were still hoping to avoid a "most damaging" strike.

Mr Jimmy Airlie, of the AEU engineering union, said the company was "desperate" for a settlement following the unions' rejection on Thursday of an improved offer of a 7 per cent first-year increase and rises in the second and third years of two percentage points more than the rate of inflation.

Ford wants to introduce radical changes in working practices as part of a deal, although it has dropped one proposal that a pool of temporary labour should be introduced. Skilled and semi-skilled workers would work in assembly line teams supervised by group leaders. The company has criticised the unions for not holding a fresh ballot of members on the improved offer. A ballot on the company's original "final" offer produced an 88 per cent majority in favour of industrial action.

The ballot of Vauxhall workers follows extended negotiations on a two-year pay offer. The offer was agreed by union negotiators about three weeks ago, but has since been rejected by workers at Luton and 160 electricians at Ellesmere Port.

The Vauxhall offer is for a 4.5 per cent basic pay increase and consolidation of a £3 a week productivity bonus. It is tied to the acceptance of more flexible working practices and some multi-skilling of workers.

Ford's British plants account for less than a third of Ford of Europe's total annual vehicle production of around 1.5m units, but Ford's UK component plants are the only supplier of key petrol and diesel engines for the Fiesta, Escort and Orion models, as well as diesel injection engines for Transit vans and some other components.

The pipeline of component supplies from the UK would dry up. Ford also said yesterday that it was unlikely that it would be able to make up for lost production in the UK, by supplying vehicles from its continental assembly plants, because of union actions at UK ports to stop such imports.

The UK is by far Ford's single most important car market in Europe. It had a share of 28.8 per cent and record new car sales in 1987.

Implications of strike, Page 5

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Hopes fade for agriculture deal at Euro summit

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

PROSPECTS for a compromise agreement on agricultural financing at next month's European Community summit in Brussels evaporated yesterday after Mrs Margaret Thatcher, the Prime Minister, and President Mitterrand of France failed to narrow their differences on the subject.

Mrs Thatcher said at a press conference after a short bilateral summit meeting in London with Mr Mitterrand and Mr Jacques Chirac, the French Prime Minister, that there were still "some very difficult problems" to be resolved before an agreement could be reached.

British officials were even more outspoken in describing the outlook as "very bleak", while Mr Mitterrand virtually put the nail in the summit's coffin by saying that he did not see how any agreement could be reached on the basis of present positions.

The undisguised gloom created by the discussions on community financing was partially relieved by some progress on defence co-operation between the two countries, though the project for the joint development of an air-launched nuclear missile remains at an embryonic stage.

Mr George Younger, the Defence Secretary, said that Britain and France had agreed on regular exchange visits of nuclear submarines to each other's ports and on exercises to test the possibility of Britain reinforcing its troops in West Germany through French ports.

Discussions on the joint development of an air-launched nuclear missile were going "very well" but were still at a very early stage and would not be concluded for a long time, Mr Younger said. He denied that the British Government lacked enthusiasm for the project.

One of the most significant developments was in defence procurement. The French have agreed to publish a regular bulletin of contracts open for tender by British suppliers, as Britain has been doing for some time.

Mrs Thatcher refused to be drawn into any public condemnation of the latest moves towards Franco-German defence co-operation, including notably the creation of a 4,000-strong joint brigade and a joint Defence Council, in spite of reports that she had reservations on the subject. She stressed that she welcomed developments which would reinforce the European pillar of the Atlantic Alliance as long as they were "within the framework of Nato and enhanced Nato's efficiency". She said: "I believe that much of what is happening will do that."

President Mitterrand reaffirmed that France did not intend to return to Nato's integrated command, but that its fate was tied to the Atlantic Alliance. For Mrs Thatcher, it was less important "to strain for something that cannot be achieved at present" (France's return to the alliance's integrated command) than to take steps to co-operate on the ground.

Neither leader made any attempt to dramatise disagreement over community financing and farm policy reform, but each made it clear that there was little room for manoeuvre. Mrs Thatcher again emphasised that she would not budge from her demand for "effective agricultural stabilisers which bring

Continued on Back Page

Masons chip away at Japanese stonewalling

BY CARLA RAPOPORT IN TOKYO

VETERAN TRADE war correspondents may think it impossible that Japan could touch off another trade dispute. But it has. Some are already calling it the marble wars.

It appears that the Japanese appetite for European marble, granite and slate suddenly knows no bounds because of the country's building boom.

Once the granite arrives in Japan, however, it seems that you have to be Japanese to work on it. Even that would be fine – if only there were enough skilled Japanese stone masons.

As a result, Japanese contractors, much to their sorrow, are having to cut back on orders for marble and granite. "The acute shortage of skilled (Japanese) stone masons for building construction has emerged as a serious drawback for further Japanese stone imports," a Japanese construction industry executive said in a recent memo.

The contractors would like to solve the problem, temporarily, by bringing in stone masons from South Korea, Hong Kong and Singapore. But their requests have failed to impress a bureaucracy which is trying to clamp down on temporary working visas for foreign work-

Continued on Back Page

WEEKEND FT

FT PIONEERS

The FT is 100 next month. David Kynaston looks at memorable moments in the turbulent early days
PI

FINANCE

The pitfalls of investing in small companies
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TRAVEL

Historic Genoa and snow fun in the US
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HOW TO SPEND IT

...on gear to slope off in
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What makes Reagan run
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A new Parsifal at the Royal Opera House
PXVII

TV anchorman who lost his grip lets Bush off the hook

Lionel Barber profiles Dan Rather, America's most controversial television newsman

TIGHTLY-WOUND and invariably intense, Mr Dan Rather is the most highly-paid, the most closely-watched and the most frequently-criticised TV news anchorman in America.

Every weekday, in his halting Texan tones, he presents the CBS evening news, a high-speed 22-minute broadcast watched by 16m viewers across the nation. On Monday night, this human pressure cooker blew.

Mr Rather's nine-minute shouting match with Vice President George Bush left him branded a bully and a boor, and the American people no wiser as to the Veep's role in the Iran-Contra scandal. Dan Rather has probably nominated the next Republican candidate and may even have elected the next President, lamented the syndicated columnist Mary McGrory.

In a vast country united by the small screen, it is not surprising that Americans tend to elevate their anchormen to a position somewhere close to God. At CBS, one of the nation's three networks, this is almost inevitable. The company's history is studded with great names: Ed Murrow, Charles Collingwood, and the majestic Walter Cronkite who seemed at times to speak to world leaders like Anwar Sadat and Menachim Begin almost as an equal.

Anchormen, says Mr John Chancellor of rival NBC and a former occupant of the hot-seat himself, are like the typeface of a newspaper; reporter, editor and presenter combined, they define the identity of the product. Dan Rather, to extend the metaphor, has always cast himself in big bold headlines.

A ditchdigger's son from the oilfields of east Texas, he tried to get to college on football – and failed. With few cents and a heap of odd jobs behind him, including part-time announcing work at a radio station in Huntsville, Mr Rather eventually made his name, fittingly, in a storm – Hurricane Carla – which hit the Texas Gulf coast in the autumn of 1961.

Mr Peter Boyer of the New York Times and author of "Who Killed CBS" describes in his book how the young reporter persuaded his station manager to set up a camera crew and correspondent in Galveston, where the storm was soon likely to break. CBS noticed Mr Rather who, in Mr Cronkite's words, was "ass-deep in water moccassins", and offered him a job as network reporter.

He held out for the position of network correspondent, and never looked back: the Kennedy assassination (when he scored a 17-minute lead over his competitors on the president's death), White House correspondent, Vietnam, London (once Murrow's famed beat), and a second tour of the White House where, until last Monday, he enjoyed his most celebrated encounter.

It was at the height of the Watergate scandal. Mr Rather had been peppering President Nixon with questions until finally Nixon asked the TV reporter if he were running for office. Mr Rather shot back: "No, Mr President, are you?".

Mr Rather set the tone for future reporting in the Rose Garden and the Briefing Room. In the Reagan presidency, his kindred spirit is the ABC correspondent Mr Sam Donaldson whose taunts, barbs and talent in front of the camera have turned him into a millionaire too.

In 1981, Mr Rather accomplished what some in the TV profession believed to be impossible. He succeeded Walter Cronkite. And while the transition was far from easy, the ratings, the all-important barometer for advertisers, recovered and the CBS Evening news became the cash-cow of old. Mr Rather's salary package amounted to some $22m over 10 years.

Last year, however, the glamour began to fade. The new chairman and chief executive at CBS, an astute cost-cutter called Mr Larry Tisch, chopped 10 per cent of the news division's budget (which, admittedly, had balooned from $80m to $300m in eight years). Some 215 of Mr Rather's colleague's were sacked, despite his own public protests.

Last year, Mr Rather admitted in a recent interview, he hit an all-time low: his newscast fell to third place, scored the lowest ratings ever, and he was heavily censured for walking off the air when he thought, mistakenly, that a tennis broadcast would cut into his news programme. CBS was left with six minutes of dead air.

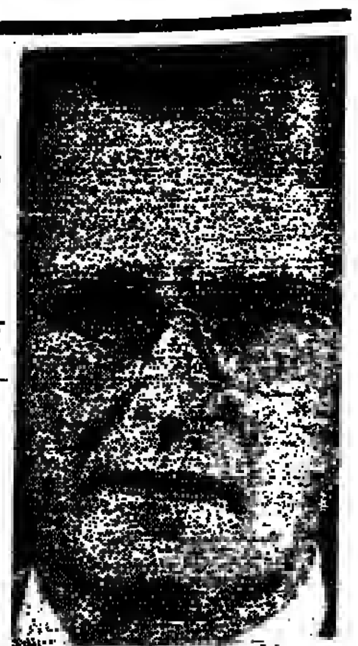
The Bush interview was billed big – which makes the Vice President's claim that he did not not know what was coming disingenuous. In fact, both men went on the air with their guns loaded.

The shoot-out at what the Vice President later called Tension City was largely caused by a six-minute report, narrated by Mr Rather, which cast doubt on Mr Bush's claims not to have known about the arms-for-hostages dealings with Iran. Mr Bush drew first, and the resulting explosion made television history.

Since television history often ends up on the cutting room floor, such claims may not amount to much. What is undisputed is that Mr Rather mishandled the interview.

Mr Fred Friendly, a former CBS news president and now professor of journalism at Columbia University in New York, says Mr Rather and his CBS producer team compounded the error by agreeing to Mr Bush's demands for a live interview.

Mr Bush's victory may only be Pyrrhic: the news media continue to bore away at the details of the Iran-Contra scandal. Mr Bush's campaign may receive a short term boost from conservatives who have traditionally targeted Mr Rather and CBS as a liberal double-act, but he cannot press-bash his way to the nomination.


George Bush: Pyrrhic victory

Cabinet crisis in Wellington over tax plan

BY DAI HAYWARD IN WELLINGTON AND ROBIN PAULEY IN LONDON

A SERIOUS political row has erupted in New Zealand over tax reform, with Mr Roger Douglas, the Finance Minister, abandoning a European tour yesterday to fly home for an emergency cabinet meeting, expected tomorrow.

The crisis has arisen because Mr David Lange, the Prime Minister, announced on Thursday the shelving Mr Douglas's radical tax reform plans until more work had been done on them. The plans, announced only six weeks ago, had been due to take effect in October and included a single rate of personal and corporate tax.

Mr Douglas, whose trail-blazing economic liberalisation policies have made him one of the world's most well-known and interesting finance ministers, immediately cancelled a speech he was due to make to the World Economic Forum in Davos, Switzerland, and left for New Zealand. His abrupt departure coupled with the fact that the announcement was made while he was abroad fuelled speculation in Wellington that he may quit.

If he were to resign there would be a considerable loss of confidence in the financial sector which is already under some stress with a string of corporate receiverships, dramatic falls in the equity market and the currency regularly hitting new one-year lows.

However, Mr Douglas was apparently aware of Mr Lange's decision to postpone the tax reforms because civil servants had advised that some lower earners would be worse off. Civil servants also complained that they needed more than 10 months to produce a satisfactory new income support system.

Some cabinet ministers were also concerned at the speed of the proposed programme. Some, among them Mr Lange, have also been disconcerted to discover the extent of public concern about their government which is accused of being arrogant and of rushing through programmes without adequate consultation.

Mr Lange is understood to have had numerous lengthy telephone calls to Mr Douglas in Europe this week. He has tried to stress that the plans are not being scrapped but merely postponed to make sure there were no anomalies in the scheme.

Terrorism charge rejected by Bonn

By David Marsh in Bonn

THE West German Government has rejected complaints by the British Foreign Office, brought up during a trial in Duesseldorf linked to kidnappings in Lebanon, that Bonn has not respected EC guidelines in dealing with terrorism.

Mr Wolfgang Schaeuble, Bonn's Chancellery Minister, admitted under questioning in court on Tuesday that the Government had acted under pressure from terrorists when it refused to extradite to the US last year a Lebanese hijack suspect.

Mr Friedhelm Ost, the government spokesman, said yesterday that Mr Schaeuble had since explained that his statement amounted to nothing more than a repetition of the Government's standpoint over the case last June.

It decided then to put Mohammed Ali Hamadei on trial in West Germany on charges of hijacking a US aircraft in 1985, rather than extraditing him to the US as had been requested by the Reagan Administration.

Mr Ost said yesterday the affair had been "settled". He did not believe it would come up when Chancellor Helmut Kohl goes to London on Tuesday for talks with Mrs Margaret Thatcher, the British Prime Minister.

British officials said that the UK Government was unlikely to want to make an issue out of the disagreement, but was surprised by Mr Schaeuble's admission.

This appeared to contravene an EC undertaking not to make concessions under pressure from hostage-takers.

In view of the importance of the issues to be discussed next week between Mr Kohl and Mrs Thatcher – focused on EC reform and the preparation for the Nato summit in March – the terrorist question would not be a major theme next Tuesday.

Bonn, meanwhile, said it had no fresh news about the fate of the latest West German to be kidnapped in Beirut, Mr Ralph Schray, a Lebanese born engineer.

EC chief warns industry

BY WILLIAM DULLFORCE IN DAVOS

MR WILLY de Clercq, the European Commissioner for trade and external affairs, yesterday bluntly warned chief executives to start restructuring their companies right away in preparation for a European single market in 1992.

Companies such as telecommunication groups, which depended on public procurement and were now protected by national governments, would experience a particularly sharp shock, he said.

"Don't try to save your skins by lobbying. Start restructuring," Mr de Clercq told businessmen at their annual summit, the World Economic Forum in Davos.

The Commissioner's remarks came during a panel discussion on the new rules for international competitiveness. He warned his audience not to bet on the possibility that the "great single market" would not be there in 1992.

Despite the delays, the political decision had been taken and sufficient momentum had already been built up by important decisions in banking, insurance, transport and capital movements.

Talks may bring warmer Turkish-Greek relations

BY JIM BODGENER AND ADRIANA IERODIACONOU

WHEN Mr Turgut Ozal of Turkey and Mr Andreas Papandreou of Greece meet in Switzerland this weekend, it will be the first time in 10 years that prime ministers of the two Nato states have discussed anything more substantial than the weather.

Neither expects the thunderclouds over the Aegean and Cyprus to be blown away overnight by their talks at the Davos World Economic Forum. But the two leaders, who met at the same forum last year and merely exchanged pleasantries, have indicated that this meeting could at least cool the political temperature.

Turkish officials believe a breakthrough in relations could help Mr Papandreou at home. They feel Greece cannot ignore Turkey as a market and as an economic power. They would like talks to concentrate at first on easier issues like trade, tourism and communications.

In what Turkish officials privately described as a conciliatory move ahead of Davos, the authorities recently barred a cultural meeting in Istanbul of Turkish-speaking Moslems from northern Greece.

Mr Papandreou long resisted direct talks with Turkey, saying disputes in the Aegean arose out of gratuitous Turkish demands for the overturning of the legal status quo. He wants the issue of oil exploration rights referred to the International Court of Justice in the Hague, while Ankara prefers bilateral talks on that and other matters.

Since an oil dispute nearly provoked an armed clash last March, the Greek leader has said he is now ready to talk to Turkey about one thing: the terms on which to refer the undersea rights issue to the Hague. He has exchanged confidential notes with Mr Ozal on that subject, and says he expects it to be the main topic at Davos.

But significantly, he says he will not necessarily object if Mr Ozal raises other subjects.

Madrid cautious about Eta offer

BY DAVID WHITE IN MADRID

THE SPANISH Government reacted cautiously yesterday to the first ever offer of a conditional truce by Eta, the Basque terrorist organisation.

"We have to be extremely prudent," Mr Javier Solana government spokesman said yesterday after the cabinet had studied the Eta communique published in yesterday's edition of the Basque newspaper Egin.

The organisation offered a 60-day truce on condition that Madrid immediately resumed talks under the aegis of the Algerian authorities and that what it termed "police hostilities" should cease in both the Spanish and French Basque regions.

Eta emphasised that the talks must have a "political content" and be aimed at reaching a "negotiated political solution" for the Basque country. Madrid has always insisted that its "contacts" – not "negotiations" – with Eta representatives in Algeria were restricted to trying to end violence, and has ruled out discussion of political concessions with the terrorists.

The series of talks was broken off in December after the bombing of a civil guard barracks in Saragossa, which killed 11 people. It was the second mass killing in six months, following 21 deaths in a Barcelona hypermarket in June. The Government took the position that talks could not go on while while attacks continued.

Mr Solana said that the authorities would have to wait for "a reasonable time" to elapse in which there were no terrorist attacks before making further decisions. He confirmed, however, that the Government was still open to contacts. Eta said its "partial truce" meant that it would cease "executions" except in the case of "fortuitous confrontations."

Political leaders welcomed the news, but Mr Ricardo Garcia Damborenea, a leading Basque member of the country's ruling Socialist Party, described the move as a "confidence trick."

The Eta communique, which was telephoned to the newspaper, made clear that the organisation still stood by its platform of political demands, which include recognition of national sovereignty in the Basque country. However, experts believe it may be ready to adopt a more flexible approach.

The change in Eta's strategy comes after the deportation of dozens of Spanish Basque exiles from France and a series of successful police operations against Eta commandos in Spain.

'Four tigers' of Asia likely to lose their US trade privileges

BY LIONEL BARBER IN WASHINGTON

PRESIDENT Reagan is expected to withdraw special trade privileges enjoyed by Hong Kong, Singapore, South Korea and Taiwan whose bulging trade surpluses with the US have frustrated his Administration.

The White House Economic Policy Council recommended the action against the "four tigers of Asia" earlier this week, and it will take effect next January, a senior US official said.

The four newly industrialised countries will be removed from a list of 140 less developed nations eligible to export many products into the US free of tarrifs, under the so-called Generalised System of Preferences.

An Administration official said that the action – which puts the NICs on the same trade footing as Japan and West Germany – reflects their growing economic power.

Last year, the NICs in Asia received benefits amounting to some $5.3bn under the GSP system while their trade surplus with the US, fuelled by double digit economic growth, soared to $28.8bn in 1986 and $23bn in the first eight months of 1987.

Mr David Mulford, a senior US Treasury official, complained in a speech last year that the NICs were failing to adjust their currencies to reflect their growing trade surplus with the US and were pursuing illiberal trade policies.

Some observers said yesterday that Mr James Baker, US Treasury Secretary, had pushed the action in order to deflect Democrat charges in the coming election that the Republican administration has been soft on trade. Congressman Richard Gephardt, a Democrat presidential candidate, is moving up the polls on the back of "get-tough" protectionist trade policy.

However, an Administration official said the timing of the move was influenced only by a need to give due notice to importers and the NICs to allow them time to adjust.

Ms Charlotte LeGates, a spokesman for the Computer and Business Equipment Manufacturers Association, said the GSP move would hurt efforts to persuade the NICs to respect intellectual property rights in the US.

Heller defends Fed policy

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

MR ROBERT HELLER, a Governor of the Federal Reserve Board, joined the intensifying debate about whether the US central bank should encourage further declines in interest rates. He said at a conference in Davos that Fed policy had been "appropriate" and that "will do its best to continue this feat."

His comments came at the end of a week which has seen a succession of statements about the economy by Fed officials and a strong hint from Mr Beryl Sprinkel, the monetarist chairman of the President's Council of Economic Advisers, that the sluggish growth in the money supply should prompt the Fed to ease monetary policy.

Some economists have interpreted the fourth quarter figures for GNP growth published this week, in particular the decline in consumption and the build-up in inventories, as pointing towards a signficant slowdown in the economy, perhaps even a recession, in the first half of this year. Other economists strongly dispute this.

Judging from their statements this week Fed officials are divided about whether the threat of recession is serious enought to trigger a Fed policy change.

On past evidence, some Wall Street economists say, they would not expect any easing of monetary policy soon, in part because the economy expanded strongly at a 4 per cent annual rate in the second half of last year. The evidence that a recession is imminent is still tenuous, they say.

An imponderable, however, is the extent to which a Fed board entirely composed of Governors appointed by Mr Reagan will be influenced by political considerations.

Perhaps the strongest case for the Fed to wait until the economic outlook is clearer is the evidence that the financial markets are bringing down longer term interest rates themselves without, so far, any adverse reactions in the foreign exchange markets. Fed action to drive short rates down might have the perverse effect of weakening confidence in the bank's independence, pushing long rates up and creating instability in the foreign exchanges again, some economists warn.

Mexican loan bonds defended

By Alexander Nicoll, Euromarkets Editor

MEXICO'S director of public credit, Mr Angel Gurria, yesterday disputed contentions that the bonds to be issued under the country's loan exchange offer should be valued significantly below their par value.

Some analysts have said the 20-year bonds should fall to steep discounts to par value because only the principal and not the interest will be collateralised. But Mr Gurria, who presented the plan at a meeting with British bankers in London, stressed that Mexico had a 100 per cent record on interest payments.

Technical valuations were less relevant than this record and the attempt is to create a more liquid market in the bonds than that in which loans are currently traded at about 50 cents on the dollar.

The origin of most deals in the latter market was Mexico's debt/equity swap scheme – currently suspended – through which only $100m-$200m could be traded, he said after the meeting.

Mr Gurria, looking sprightly despite his gruelling week-long tour of the US, Japan and Europe, fielded some searching questions on the scheme from bankers, notably on plans for drawing down an existing loan, on currency restrictions placed on the bond auction, and on the absence of a cross-default clause between the bonds and existing loans.

"He gave a masterly presentation as always," said one banker. But of bankers' likely level of participation in the scheme, another banker said: "I suspect he's a little more worried now than when he started out."

OECD set for lower steel output

STEEL production in the industrialised world recovered last year by 2.5 per cent, but is likely to fall by 2 per cent in 1987, according to the Organisation for Economic Co-operation and Development, writes **Robert Graham in Paris.**

The OECD expects both output and consumption of steel to decline by 4 per cent in the US, as demand from the motor and construction industries continues to fall and the recovery in the machinery sector levels off. More moderate falls are forecast in the European Community and Canada.

Contra talks go on

Nicaraguan Contra rebels and Sandinista government negotiators began a second day of talks yesterday but were expected to delay any ceasefire accord until a US Congress vote next week on new Contra aid, **Reuter reports from San Jose.**

The Contra delegation leader, Jaime Morales, said the two sides would consider reconvening on February 11.

AP adds from the Vatican: Pope John Paul II welcomed Nicaraguan President Daniel Ortega coolly yesterday and told him democracy was imperative for any settlement.

Strike rally bombed

Peru's Sendero Luminoso guerrillas tossed at least six sticks of dynamite at the chief of the Communist Party, Senator Jorge del Prado, at a rally in Lima during a one day strike in protest at economic policies, **writes Barbara Durr in Lima.**

Senator del Prado escaped unhurt. Sendero says the Communist unions are collaborating with the government.

German surplus up

West Germany recorded a DM 13bn ($7.8bn) trade surplus last month, its biggest ever. This brought the surplus for the year to DM 117.5bn, **writes Andrew Fisher in Frankfurt.**

The figures show the resilience of exporters in the face of a rising currency and time needed for currency shifts to show through in trade balances.

Danish trade better

Denmark's trade balance improved strongly in the first nine months of 1987, with a surplus of DKr 2.4bn against a deficit of Kr 10.4bn in 1986, **writes Hilary Barnes in Copenhagen.**

The improvement followed fiscal measures in late 1986 which helped to cut imports by 9.2 per cent to Kr 125.4bn.

Human rights campaigner Felicia is in the frontline of the Arab-Jewish conflict, says Andrew Whitley

The tiny woman lawyer battling the Israeli goliath

THE OLD FRONTIER between the eastern and western halves of Jerusalem, swept aside by the victorious Israeli troops of 1967, lies immediately in front of a nondescript apartment block built to house penniless Jewish immigrants on Courosh Street. Underneath a first-floor window in that block a single word has been scrawled in Arabic: Felicia.

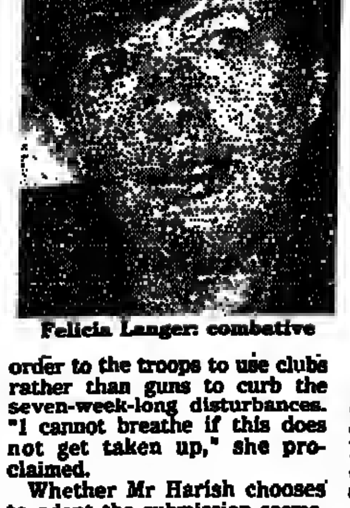
There is no need for a surname. Every Palestinian in the Israeli-occupied territories knows who Felicia is. She is one of the few people to whom they can turn when the Shin Bet secret police come at night; who will do battle with the authorities to discover what happened to a missing relative; or defend the most militant Fatah guerrilla facing deportation.

Even by her own emotionally-draining standards, literally in the front line of the Palestinian-Jewish conflict, this has been a busy week for Mrs Felicia Langer, left-wing Israeli lawyer, holocaust survivor and human rights campaigner extraordinaire.

While preparing to travel to West Germany to receive a prize for her work with the Palestinians over the past two decades, she learnt that a key case before the High Court of five people from Gaza facing deportation had been abruptly closed. At the last moment her clients had decided to withdraw their appeals, snatching away the faint chance of winning an unprecedented reversal of the order.

Simultaneously, this combative petite woman of uncertain middle age – exhilarated one moment, exhausted the next – opened another, more ambitious file, this time against the hard-boiled, veteran Defence Minister, Mr Yitzhak Rabin, the man behind the "iron fist" policy in the West Bank and Gaza Strip.

On Monday Mrs Langer submitted a dossier to Attorney-General Yossef Harish challenging the legality of Mr Rabin's order to the troops to use clubs rather than guns to curb the seven-week-long disturbances. "I cannot breathe if this does not get taken up," she proclaimed.


Felicia Langer: combative

Whether Mr Harish chooses to adopt the submission seems, however, somehow beside the point. Mrs Langer is none too enamoured with the quality of Israeli justice these days when it comes to the occupied territories. She will at least have served her self-appointed role as the horsefly maddening the blinkered beast; "spoiling their game," as she puts it.

"My success cannot be measured in the normal terms of lawyers," she said in her cramped, chaotic office, flanked by anguished drawings of Palestinian suffering.

The problem for Mrs Langer and the few other Israeli lawyers who defend Palestinian human rights cases is that they are working in a confusing and at times contradictory maze of legal traditions. What they have in particular failed over the years to do is to secure a definitive ruling from the High Court in Jerusalem on whether the fourth Geneva Convention applies to the West Bank and Gaza Strip.

The Gazans facing imminent expulsion this week by the Israeli army, might well be entitled to protection under the first part of article 49 of the convention. But the opportunity to put this to the test was missed.

Indeed, the Gazans' case ought to have been strengthened by their statelessness. Lebanon is their likely next destination because the Gemayel Government has no control over its border with Israel. But where under international customary law can they legitimately be sent when no other state claims their tiny, overcrowded scrap of land?

Israel argues that the fourth Geneva Convention does not apply to the territories it rules – but does not claim sovereignty over – on the grounds that hostilities have long since ceased. It was not always so. For several months after the Six Day War all the provisions of the fourth Geneva Convention were implemented, over and above the dictates of Israeli or Jordanian law. Only later was it quietly dropped.

Government officials also raised the argument that Jordan's own sovereignty over the West Bank, between 1948 and 1967, was only ever recognised by two countries: Britain and Pakistan. "Israel's arguments over Jordan's lack of title to the territories are irrelevant. The population of the occupied territories are still entitled to the protection of the Geneva Convention," Mrs Langer says firmly. International lawyers attending a conference, in Jerusalem this week retort, expressed the same view.

In practice, when it comes to administering the occupied territories the Israeli Government has the luxury of being able to choose between up to five often-conflicting legal codes. In the case of much-fought-over Gaza, these are: Ottoman, Egyptian, British, Israeli or international law.

The Israel High Court has never explicitly ruled that the Geneva Convention has ceased to be applicable to the occupied territories, Mrs Langer points out. She says it should be binding on all soldiers.

Notwithstanding the frustrations, Mrs Langer is gratified that the recent disturbances in the occupied territories have focused international attention on this festering issue with renewed clarity, and displayed a new determination among Palestinians.

"For the first time I feel I'm nearing the end of my work," she said, with a sigh of a relief. "I feel such a liberated will on the part of the Palestinians to get what they want. Nothing under the sun can stop them now."

Whether or not she is proved correct, Mrs Langer believes that Mr Rabin himself has unwittingly contributed to the goal she and the handful of like-minded Israelis are fighting an uphill battle to achieve. "The (soldiers') sticks have contributed a lot to Palestinian unity. From these sticks they'll get a Palestinian state," she prophesied.

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Japan surplus reverses trend of seven months

BY IAN RODGER IN TOKYO

JAPAN'S current account surplus turned upward in December, reversing the declining trend of the past seven months, apparently because of a reemergence of the J-curve effect.

The J-curve is a term used to describe the delay in the adjustment of trade performances to changes in currency exchange rates.

In this case, the dollar weakened significantly against the yen late last year. The current account surplus for December was $9.4bn (£5.2bn), 1 per cent higher than in December, 1986, so the surplus for the year finished at a record $86.7bn, fractionally ahead of the 1986 surplus, rather than declining significantly, as had been forecast early in the year.

The trade surplus for the year also grew 1 per cent to a new record, $96.5bn. In dollar terms, exports in December ware up 18.7 per cent to $22.8bn but in yen terms they were down 6 per cent.

Imports continned their strong rising trend, being 41.5 per cent higher in dollar terms to $12.7bn and 11.9 per cent higher in yen terms. Thus, the trade surplus in December was only marginally lower than a year earlier at $10.06bn.

One economist in Tokyo said yesterday that he expected the J-curve effect to continne to distort the trade figures for the next couple of months, but that the fundamental trend to lower trade surpluses was continuing.

The capital flow figures for last month indicate little movement in Japanese capital, but a sharp decline in withdrawals of foreign capital, as the exodus of foreign investors from the Japanese stock market following the October market crash slowed substantially.

Net outflow of long-term capital in the month was $5.9bn compared with $18.5bn in October and $14.1bn in November.

Tokyo cool on Reagan bonds

BY IAN RODGER

THE Japanese Government did not plan "for the time being" to ask ths US to issue bonds denominated in foreign currencies, Mr Kiichi Miyazawa, Finance Minister, said.

On Wednesday, Mr Yasuhiro Nakasone, Japan's former prime minister, told a conference in Davos, Switzerland, that the US should issue these "Reagan bonds" as part of n strategy to restructure its economy.

Many other Jnpanese commentators have also advanced this proposal lately. They fear that Jnpanese institutional investors are no longer willing to buy US dollar bonds because of the dollar's declining trend and that this will cause the dollar's valne to decline further.

Mr Miyazawa, speaking in the Japanese parliament yesterday, said the matter of issuing foreign currency bonds had to be decided by the US authorities themselves, although the Japanese Government would continue to consult with other countries "on a number of currency problems through various channels".

Mr Miyazawa added that US leaders apparently see no need to issue bonds in foreign currencies because the economy is strong. They also appear to be concerned that a flotation of "Reagan bonds" might backfire, giving the impression to the currency markets that the US Government lacked confidence in the dollar.

Meanwhile, Japanese institutional investors appear to be taking a positive attitude to next week"s $27bn quarterly auctions of treasury bonds by the US Federal Reserve.

Some life insurance industry leaders said publicly this week that they will seek to buy the same amount of bonds as in previous acutions.

They say they have been encouraged by the relative stability of the dollar in recent weeks and by the very wide spread, about 4.5 per cent, that has opened between Japanese and US long-term bond interest rates. A year ago, the spread was only 2.5 per cent.

Indonesia takes firm line for poll

By John Murray Brown in Jakarta

INDONESIA has issued a firm warning to would-be troublemakers in the run-up to presidential elections in March when President Suharto will stand uncontested.

The government has banned two youth organisations, rejected pleas for clemency from a Moslem radical sentenced to death for subversion, and called for renewed security measures.

The ban on the Pelajar Islam Indonesia, the largest and most orthodox Moslem youth group, and the Marhaenist youth movement associated with former President Sukarno, was issued by the Home Affairs Ministry last month, the government party newspaper reported.

The action, which was long expected, followed the failure of the two groups to formally adopt Pancasila, the state ideology, as required by all social and political bodies under a law passed in 1985.

A seemingly anodyne set of five principles, Pancasila in effect outlaws sectarian politics - a movs the Government sees as vital in a country of such religious and ethnic diversity.

The ban comes against a background of simmering student unrest, following police action in Sulawesi in November when human rights groups say 14 people were killed during a protest against the enforced wearing of motor-cycle safety helmets.

The ban on the Marhaenist gronp is part of moves to counter a growing interest in the populist former President.

Thousands of youths carried Sukarno posters during elections last year.

Chun reveals the man behind the iron mask

BY MAGGIE FORD IN SEOUL

PRESIDENT Chun Doo Hwan, the South Korean leader who is to step down next month after seven years in office, yesterday offered a glimpse of the man behind what many of his people feel to be an iron mask.

Speaking to foreign journalists for the first time since he took power in a military coup in 1979, Mr Chun said he thought the army would not need to intervene in the nation's politics again.

His greatest achievement, he said, will be to transfer power peacefully for the first time in the country's history to his elected successor, Mr Roh Tae Woo.

Mr Chun insisted that the "stressful" job of the presidency had been thrust on him. Instability and danger had faced the country after the assassination of his predecessor, President Park Chung Hee, whom he criticised as "autocratic."

The greatest difficulty of his presidency had been to pursue democratic development without imperilling national security, or eustained economic growth. "It would never do for national security or the economy to be deetroyed in the name of democracy," he said.

Following nationwide demonstrations last year, Mr Chun capitulated to pnblic demand for a direct presidential election. Mr Roh, his colleague, won with a third of the vote in December's poll.

The South Korean leader took the opportunity to spread some blame to what he described as "politically ambitions" opposition leaders. They had, he claimed, tried to reopen the wounds inflicted by the 1980 Kwangju incident, in which 200 people died after the military put down a provincial rebellion.

President Chun described his second major achievement as the development of the South Korean economy. Annual gross national product has doubled from $60bn to $120bn since 1980.

Strauss given Pretoria letter on Mandela

BY ANTHONY ROBINSON IN JOHANNESBURG

MR FRANZ-JOSEF Strauss, the Bavarian leader, yesterday ended his controversial 10-day tour of southern Africa after talks with politians and businessmen in Windhoek, capital of Namibia.

The South West Africa People's Organisation, which is waging a guerrilla war against Pretoria, marked the occasion with an explosion in Windhoek.

Mr Stranss is travelling home with a letter containing Pretoria'e latest thinking on the future of Mr Nelson Mandela, the jailed African National Congress leader.

Mr Strauss met homeland leaders in defiance of official West German and European Community policy.

After talks in Maputo with Mozambican President Joaquim Chissano, he said he would recommend West Germany provide funds for three projects to strengthen economic ties between South Africa and Mozambique.

The projects are re-building Cabora Bassa power-lines destroyed by rebels, improving the railway lins from South Africa to Maputo, and port improvement in the capital.

Commonwealth bid to refocus attention on South Africa

BY VICTOR MALLET IN LUSAKA

EIGHT Commonwealth Foreign Ministers are gathering in Zambia this weekend in an effort to refocus the world's wavering attention on South Africa and the sanctions campaign.

Their first meeting will not be easy. Last year's Commonwealth summit (Britain excepted) created this committee of ministers in Vancouver and told them to promote economic sanctions, assist South Africa's neighbours, combat South African propaganda and strivs for Namibian independence.

In short, their job is to keep the South African issue alive in an unfavourabls international climate.

"The Commonwealth has to keep the profile up on what is happening," said one member of the Commonwealth secretariat on arrival in Lusaka. "The anti-sanctions forces hava really rallied."

The time for bold threats and promises appears to be over. In May 1986, Dr Kenneth Kaunda, Zambian President, threatened to pull out of tha Commonwealth becanse of Britain'e policy towards South Africa.

In August of the same year, he said he would impose sanctions against Pretoria. Hs did neither. Bread may be in short supply in Lusaka's shops, but there is plenty of South African wine.

ZAMBIA'S Finance Minister, Mr Gibson Chigaga, yesterday unveiled a mildly austere budget which is unlikely to satisfy the country's Western donors, Victor Mallet reports.

He pledged to reduce consumer subsidies, control the budget deficit and reduce money supply growth, but he stopped short of devaluing the local currency, the kwacha.

With increased copper exports and an average 1987 copper price of £1,678 a tonne, compared with £937 in 1986, Zambian exports rose to $866m last year

The poor performance of agriculture and other sectors, however, led to a fall in real gross domestic product of 0.2 per cent in 1987.

To make matters worse for the Commonwealth, Mrs Margaret Thatcher, Britain's Prime Minister, has been touring black Africa, defiantly reiterating her anti-sanctions beliefs.

In South Africa itself, Mr Franz-Josef Strauss, the right-wing West German politician, has been doing much the same thing. A comprehensive report published in London this month by the Economist Intelligence Unit concludes that sanctions wonld hinder the reform of apartheid.

All this has helped to put the Commonwealth on the defensive and made the task of the foreign ministers - from Australia, Canada, Guyana, India, Nigeria, Tanzania, Zambia and Zimbabwe - all the more daunting. They hope to gather four or five times before the next summit in Knala Lumpur in 1989.

When they meet formally in Lusaka on Monday and Tuesday, sanctions will not be the only issue. Commonwealth officials and anti-apartheid activists are particularly concerned abont what they see as the South African government's success in coping with the world media, with the help of emergency regulations.

"The only news from South Africa these days is that there is a crocodile born in Johannesburg zoo," said one Commonwealth diplomat. "How do we keep the issue of apartheid and Namibia going in the key countries - the US, Britain and West Germany?"

To refresh their minds about the views of the South African opposition, the foreign ministers are planning to hold talks with members of the outlawed African National Congress,

Australia on course for 6% inflation

By Chris Sherwell in Sydney

AUSTRALIA'S annual inflation rate is on course for a target of 6 per cent in the current financial year but remains significantly above the lsvel of its trading partners.

Figures released yesterday showed a rate in calendar year 1987 of 7.1 per cent, down from almost 10 per cent the previous year and the lowest level since 1985. The government, in last September's budget, forecast e rate of 6 per cent for the financial year ending in June.

Thongh it welcomed the announcement, it warned that there was a need for continued pay restraint. The opposition said the rate remained too high, a point echoed by economists.

Publication of the figures came n day after the Industrial and Arbitration Commission reconvened to consider the award of a wage increase to Australian workers under the two-tier pay policy currently in operation.

A decision on the increase, which has already been delayed since last month, will now only be announced in February. It will be the second increase permitted under the "first tier", which covers all employees.

Separately, a boost has come for Australia's troubled motor vehicle manufacturers with publication of unexpectedly good December figures for new registrstione. Seasonally adjusted, these were 16.2 per cent higher than a year earlier, at 44,000 vehicles - the highest figure in 16 months.

The government meanwhile announced a series of broad economic inquiries and detailed industrial reviews designed to speed the process of structural adjustment and improve the economy's competitiveness.

The studies, to be conducted by the Industries Assistance Commission (IAC), will cover non-tax charges on industry by federal and state governments, trade in services and tourism. Food processing, the dairy and sugar industries, and industrial machinery will also come under scrutiny.

Ironically, the announcement came as the Committee for Economic Development of Australia, an independent organisation of businessmen and academics, questioned whether the government had the "stomach" to implement basic micro-economic measures.

Movement on reform of taxation, industrial relations and the constitution was far too slow, CEDA said. It asked: "Is the government prepared to stand up strongly enough against vested economic influences who for their own interests seek to block change which is for the public good?"

UK yard loses navy order

By Chris Sherwell

BRITAIN'S Yarrow Shipbuilders has unexpectedly been dropped from the race to win a lucrative A$5bn (£2bn) contract to build 12 frigates for the Australian and New Zealand navies.

Tbe two governments announced yesterday that they would choose between designs from Blohm and Voss of West Germany and Royal Schelde of the Netherlands.

The decision marks the second embarrassing failure by the UK defence industry in as many years to win a major naval defence contract "down under", and it is n major disappointment for the British camp.

In 1986 Vickers Shipbuilding and Engineering did not even make the short-list for an A$2.6bn submarine contract which eventually went to a consortium led by Kockums of Sweden.

The eubmarine and frigate purchases are part of a larger Australian defence purchasing programme which includes sophisticated F/A-18 jet aircraft and helicopters. The overall aim is greater self-reliance.

Yesterday's frigate decision came earlier than anticipated, suggesting e desire to conclude the complsx deal before another round of government spending cuts takes affect. Defence Department expenditures suffered in last year's federal bndget, and further reductions seem likely.

A joint communique issued in Canberra and Wellington said both of the two selected design proposals were acceptable to the Royal Australian and New Zealand Navies, adding that "a firm basis existed for n fair competition".

Blohm and Voss's proposal is based on its Meko 200 design, while Royal Schelde is offering a design based on its M Class frigate.

The two chosen designers will now have to join with one of two consortia selected last month to compete for the contract to build the frigates.

One, the Aostralian Marine Engineering Corporation, includes Eglo Engineering, ICAL and Thorn-EMI Australia. The other, Australian Warships Systems, includes ANI Corporation, Carrington Slipways and Amalgamated Wireless.

It is thought that, of the three designs, the one from Yarrows was the least proven.

Peter Marsh reports on the vogue for exercise monitoring

Treading a path to better health

MANAGERS IN an increasing number of companies are swapping the work treadmill for a real treadmill – at least for an annual check-up.

They run on treadmills while doctors monitor their physical condition as part of an effort to improve health and avoid heart attacks.

Exercise monitoring, as this form of health ecreening is called, has become increasingly popular in Britain in recent years. Several companies now offer the service.

The clear market leader is American Medical International, the US-owned hospitals group. It runs 13 clinics in Britain, all hut one of them set up in the past two years, to monitor health under whst it calls its Lifestyle programme. AMI plans to sell a minority stake in its British operations next month in n stock market flotation which is likely to be the largest new issue in Britain since the stock market crash.

Rivals in exercise monitoring include two leading private health care companies: Britisb United Provident Association, which operates two exercise-monitoring clinics and Private Patieots Plan, whlcb runs three. City Bealth Care, a new company, has set up a similar centre for City executives.

The health-monitoring companies test about 600 people a week between them. Most of them are men in upper management positions. Their employers pick up the bill, which can be as much as £260 a session.

For this the person normally gets a full health check, including blood pressure measnrements and a chest X-ray, plus a discussion about behaviourial factors euch as fatty foods, excessive drinking, exercise and smoking. A spell on a treadmill (sometimes an exercise bicycle) is included and the person's heart and possibly their lung functions are monitored.

Mike Arron

Bruce Davies and client at a Cheshire Fitness Centre

The theory behind the treadmill session is that an electrocardiogram - a record of the electric currents the heart produces which can highlight defects in the body's cardiovascular system - is of only limited valne when the person is at rest.

The argument runs that, just as engineers normally test products such as cars or aero-engines when they are under strain, by subjecting n man or woman to physical pressure it may be possible to epot hidden problems.

Exercise monitoring is not uncontroversial. There is some debate in the medical profession about "false positives" thrown np by the monitoring technique which can give people an incorrect impression that they have signs of heart disease.

Advocates of the procednre retort that a certain number of false positives are to be expected in any analytical method. They say unnecessary fesrs raised by incorrect readings are vastly outweighed by the technique's good results.

AMI, which has spent about £500,000 in the past two years buying equipment for the new clinics, has stood out among its rivals for the pace at which it has pressed ahead. A director of one of ths other companies, who asked not to be named, said he thought AMI was offering the best product.

Dr Bruce Davies, a fit-looking 45-year-old Welshman who is the technical director and driving force behind the AMI programme, says the exercise monitoring technique hss highlighted cases of potentially fatal heart disease in many people in their 40s who seem fit and healthy.

He argues that exercise monitoring bas to be used in conjunction with a precisely worked-out programme to change aspects of an individual's behaviour which are contributing to health problems.

Dr Davies, who has advised the Welsh rugby team and several UK Olympic squads on fitness, says that about 60 per cent of the peopla going through AMI's Lifestyle clinics need to change their behaviour to some degree to reduce the risk of heart disease.

He stresses that people coming to his clinics are not told that the only way to become healthier is to become diet and fitness fanatics. Often, he says, only minor changes in lifestyle are required.

AMI has signed agreements with several big companies, including British Nuclear Fuels; the British subsidiary of Kellogg, the US cereal manufacturer; and the Co-operative Wholesale Society. They send top managers to AMI clinics on a regular basis, normally once a year.

Dr Steve Deacon, medical adviser at Kellogg UK, says of the AMI operation: "It is an important development in promoting good health in the individual. Most of our managers who have been for a Lifestyle session say how much they enjoy it."

The medical officer of a big chemicals company, who asked that the company not be named, has sent about 30 managers to Lifestyle sessions and praises the service as interesting and motivating. "It makes a change from the conventional company medical service wbere you often get a pin-striped consultant patting you on the head and saying you're all right."

Truck outlets 'reduced by half'

BY JOHN GRIFFITHS

ONLY HALF of the 1,138 franchised truck outlets operating in the UK in 1981 survived to the end of last year, according to statistics qnoted by Iveco Ford, the UK's market-leading truck maker.

The manufacturers and their 577 remaining dealers, spread across all makes, were still not earning enough for long-term viability, the company said.

Mr David Gill, Iveco Ford's marketing director, drew on a variety of industry and government statistics to portray the UK truck industry and market entering 1988 with the prospect of further growth, but amid fierce competition, not all of it of benefit to the operators of the country's 409,000-strong truck fleet.

The combined loss by manufacturers of 561 franchised outlets since 1981 meant the number of road miles per franchised outlet had doubled, from 185 to 370, making servicing and repairs more problematical for operators.

However, Mr Gill was optimistic about prospects for further growth this year in the market for trucks of 3.5 tonnes gross vehicle weight and above.

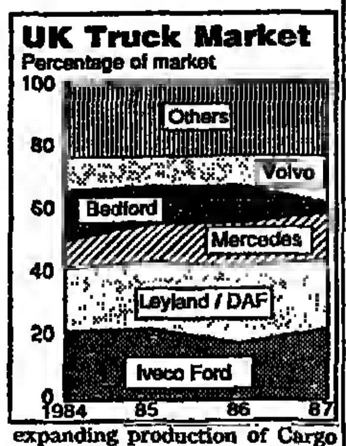
Iveco Ford believes it will reach at least 56,000 units, and could go as high as 60,000. The latter figure would be a nine-year high.

Mr Gill acknowledged that Iveco Ford underestimated the market's 1987 growth. At the beginning of last year the company predicted it would capture 23 per cent of a market which would reach 53,000 units. Iveco Ford missed its target by only one-tenth of a percentage point (see table) but exceeded its targets in nnit terms as the market reached 57,939 units.

UK TRUCK PRODUCTION*

Manufacturer	1987	1986
Iveco Ford	13,280	11,186
Leyland DAF	11,086	9,051
Renault	4,686	3,771
ERF	2,549	1,574
Bedford	2,418	5,846
Volvo	2,250	1,878
Seddon A.	1,739	1,501
Others	1,964	2,233
Total	39,972	37,040

*Eleven months, built-up units only
Industry sources



Iveco Ford's 22.9 per cent market share was only marginally ahead of Leyland DAF's 22.4 per cent. Mr Alan Fox, Iveco Ford's director of commercial operations, said he expected the company to consolidate its gains this year.

Mr Fox was scornful of speculation towards the end of last year that Iveco Ford had "contrived" extra sales in December to ensure winning its neck-and-neck race for market leadership against Leyland DAF. Iveco Ford had already sold 1,100 trucks so far in January, he said, so there had been no question of pulling forward sales into December.

Despite the expected market growth, Iveco Ford has no immediate intentions of expanding production of Cargo trucks at its plant in Langley, Berkshire, this year. Output from the plant has been increased to an output of 76 trucks a day, almost double the level at the time of the merger between Ford's truck operations and Fiat'e commercial vehicles subsidiary in mid-1986.

UK and Italian development engineers are working on a rationslised product rsnge which will supersede the Cargo range, which was developed entirely by Ford in the UK, in the early 1990s.

However, Iveco Ford executives yesterday were expressing confidence that, not only would a 90 per cent-plus UK content be retained in the Cargo's successor, but there would be increased sourcing of components in the UK by Iveco for its truck plants in Italy and West Germany.

Rolls-Royce manager loses job

BY RICHARD TOMKINS, MIDLANDS CORRESPONDENT

MR ROBIN BUSSELL, the senior Rolls-Royce manager who was suspended last week for making remarks about the future of the aero-engine maker's marine division, has lost his job.

Mr Bussell, 52-year-old general manager of marine business st Rolls-Royce's Anstey plant near Coventry, was sospended with Mr John Neeves, marins engineering manager at the same site.

The two had suggested that jobs at Anstey could come under threat if Britain failed to participate in the NFR-90 project, the seven-nation plan to build a Nato frigate.

Mr Bussell, the senior of the two, told MPs and the local press that the marine division's viability could come into question if Rolls-Royce did not supply the engines for the frigate.

Rolls-Royce said yesterday that, following internal investigations, Mr Neeves had returned to work and Mr Bussell had left.

Mr Bussell, now job-hunting from his home in Stoneleigh, Warwickshire, said he bore Rolls-Royce no ill-will over the affair.

"I think it is fair to say that the action I took offended company rules and that I dug myself into a position from which I could not extricate myself," he said.

Ironicaliy, the Cabinet approved Britain's participation in the next phase of the NFR-90 project the day after Mr Bussell's and Mr Neeves' suspension, so their protests appeared unnecessary.

Date set for Posgate fraud hearing

BY OUR LAW COURTS CORRESPONDENT

PROCEEDINGS for the committal for trial on fraud conspiracy charges of Mr Ian Posgate, an underwriting member of Lloyd's, the London insurance market, and four other men will begin at Guildhall magistrates court on June 6.

The date was fixed at a brief court hearing yesterday when Mr Timothy Langdale, prosecuting, said that it was expected that the committal hearing would last about four weeks.

Mr Posgate and three former directore of tbe Alexander Howden group, a Lloyd's insurance broker – Mr Jack Carpenter, Mr Alan Page and Mr Kenneth Grob – are charged with conspiring to defraud tbe group.

They are alleged to have falsely represented that a syndicate of buyers of the Banqne du Rhone et de la Tamise, of Geneva, comprised individuals or entities independent of Alexander Bowden.

Mr Carpenter, Mr Page and Mr Colin Hart, a farmer from Whitstable, Kent, are also charged with conspiring to defraud members of two Lloyd's syndicates.

All fiva men were further remanded on conditional bail of £100,000 each nntil June 6.

BBC yields radio waves

BY RAYMOND SNODDY

THE THREE new national commercial radio stations planned by the Government are likely to get only one VHF channel between them, two having to make do with medium wave.

Mr Douglas Hurd, Home Secretary, made clear in a House of Commons written answer that he intended to accept the two medium-wave channels nominated by the BBC for transfer to commercial use.

The BBC was asked to give np two frequencies by reducing simulcasting – broadcasting the same programmes on both VHF and medium wave to improve reception and audience reach.

The BBC offered, and the Government has accepted, Radio 1 and Radio 3 medium wave frequencies.

The VHF channel will be an additional channel allocated to Britain by international agreement.

Removal costs tax deductible

By Raymond Hughes, Law Courts Correspondent

CONTRIBUTIONS made by Arthur Young, the City chartered accountancy firm, towards the home removal expenses of two of its partners were tax deductible, the Court of Appeal ruled yesterday.

The court held that the contributions, totalling £8,568.40, were expenses incurred by the firm wholly and exclusively for the purposes of its profession and as such were deductible in computing its profits.

Tbe appeal judges allowed Arthur Young's appeal against a High Court judgment in favour of the Inland Revenue, which had argued that the contributions were partly for the two partners' personal benefit.

Lord Justice Slade said the case conceroed contributions made to two partners who moved house in 1980 – one from London to Southampton, the other from Newcastle to Bristol – at the firm's request. Neither would have agreed to move had the firm not contributed.

The issue was whether tax commissioners, whose decision the Revenue had challenged in the High Court, had been entitled to infer that the firm's object in making the contributions had been wholly and exclusively for business purposes.

The judge said the commissioners had found it was the firm's policy – although not part of its partnership agreement – that any partner or employee might be asked to move from ooe part of the country to another. To make the policy palatable the firm made a substantial contribution to the removal costs.

A partner could not be compelled to move but if he declined to do so he would be held in less esteem by his colleagues, his financial prospects might suffer and he would be looked upon as someone who did not have the firm's best interests at heart, the commissioners had found.

Lord Justice Slade said everything must turn on an assessment of the partnership's purpose in making the contributions. The commissioners had been entitled to infer that they had been made wholly and exclusively for the firm's professional purposes snd to regard the benefits received by the two partners as merely incidental.

Those benefits, said Lord Justice Slade, had consisted of no more than a partial indemnity against some of the costs

The Revenue was given leave to challenge the decision in the House of Lords on condition that no order for costs was sought.

Bank says interest rate rise is being considered

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

MR Robin Leigh-Pemberton, Governor of the Bank of the England, yesterday confirmed that the authorities were considering raisiog interest rates in the wake of evidence of continuing buoyent demand in the economy and of a widening trade gap.

Speaking on Independent television the day after his reappointment for a second five-year term, Mr Leigh-Pemberton aaid a number of recent economic indicators had suggested a possible resurgence of inflationary pressures.

He singled out official figures showing strong growth in bank lending and a sizable current account deficit last month as suggesting that pressures on prices may be building.

Mr Leigh-Pemberton, however, was careful to emphasise that no final decision had been taken to raise rates from the present 8.5 per cent.

The Bank has felt uncomfortable with the level of interest rates for some weeks but is thought to be waiting for more evidence on the pace of demand in the economy before making a final judgment.

Robin Leigh-Pemberton: pressures on prices

The view in the Treasury is also that present signala are "difficult to read." The trade and money supply figures suggest continuing buoyant growth but there have been signs of a slowing in consumer spending and weakening industrial confidence.

In a separate speech yesterday, Mr Leigh-Pemberton sought to play down the economic significance of the recent rapid acceleration in credit growth but acknowledged that it had worrying social implications.

The Bank was monitoring closely the possibility that the credit boom could feed into higher inflation. It also recognised, however, that much of the build-up represented atructural shifts in the financial system which had no particular implication for the pace of price rises. Much of the increase in bank lending to the personal sector, for example, represented higher mortgage advances at the expense of building societies.

The social implications of a aystem in which easy credit availability might encourage people to overstretch themselves were of more concern. There was a need for lending institutions and individual borrowers to change – the former by tightening controls on lending, the latter by accepting a greater degree of intrusion into their financial positions.

Docklands corporation loses chief executive

By Paul Cheeseright, Property Correspondent

A SENIOR management crisis struck the London Docklands Developmant Corporation yesterday when Major-Genaral Jeremy Rougier, chief executive for only three weeks, resigned for private reasons.

His departure coincided with the move to Peat Marwick McLintock of Mr Eddie Oliver, deputy chief executive, who is to be replaced immediately by Mr Eugene Bannon, finance director.

The sudden resignation also followed the move of another senior manager, Mr David Morgan, a planning apecialist, to become chief executive of the new Black Country Development Corporation and came in the aftermath of the dismissal by the Government of Mr John Mills from the post of deputy chairman after disclosures about failed business enterprises in which he had been involved.

Sir Christopher Benson, LDDC chairman, acknowledged that General Rougier's resignation was "unfortunate." He acknowledged that there was "a hole at the top" of the corporation.

Staff at the LDDC were nonplussed by General Rougier's totally unexpected resignation. However, his decision was related to family events – he has four children – rather than to problems he might have encountered with his new job. The precise reasons are not being disclosed.

Management difficulties at the corporation are also an embarrassment to the Government. The performance of the LDDC in stimulating redevelopment of the derelict London Docklands has been the model for its plans to use urban development corporations as a vehicle for inner-city regenaration elsewhere.

For the LDDC itself, General Rougier's departure has come at a particularly sensitive time. The LDDC has had problems over the provision of transport facilities and in its relations with the local community over major developments at Canary Wharf and Heron Quays in the Isle of Dogs.

Negotiations with developers over plans for the regeneration of the Royal Docks area, east of the Isle of Dogs, have also reached a delicate phase.

The immediate effect of the resignation in management terms is that Sir Christopher will take a larger role in the day-to-day management of the LDDC, setting the course for action at the beginning of each week.

It is unlikely that the post of chief executive will be readvertised. Sir Christopher noted that applicants for the job last year were of high calibre and some would be invited to a fresh interview, if they remained available.

Hurd rules out pardon for Birmingham pub bombing six

BY PETER RIDDELL AND TOM LYNCH

THE EXERCISE of the royal prerogative of mercy will not be recommended for the six Irishmen whose convictions for the murder of 21 people in the Birmingham public house bombings in 1974 were upheld by the Court of Appeal on Thursday.

Mr Douglas Hurd, Home Secretary, announced in a parliamentary written answer that, where, following a reference from him, "the Court of Appeal has considered the issues at length, I would not think it right to intervene in the absence of any indication from the courts that I should consider doing so."

Concern about the implications was yesterday expressed by opposition representatives.

Mr Roy Hattersley, shadow Home Secretary, argued that, "as the judgment was made so soon after the Government's extraordinary decision not to take any action following the Stalker-Sampson inquiry in Northern Ireland, I believe that the House of Lords must hear the appeal which will be lodged on behalf of these men so that there is a final opportunity to resolve the doubts that still linger in this case."

MPs on both sides of the Commons yesterday called unsuccessfully for Mr Hurd to make a statement.

Mr Chris Mullin, Labour, and Sir John Farr, Conservativa, who were involved in pressing for the case to be referred to the Court of Appeal, intervened to urge an early statement.

Sir John said Mr Hurd should be called to the House to make a statement "in view of the very wide and deep-felt concern on both sides of the House about what happened at the Old Bailey last night."

Mr Donald Anderson, a Labour foreign affairs spokesman, said the issue had a "vital effect" on the relationship between Britain and Ireland.

Mr David Alton, Liberal Northern Ireland apokesman, said he was very disappointed with the outcome of the appeal. "The continuing and lingering doubts about the safety of the original verdict will cause a crisis in confidence in our judicial system among many."

● The Dublin Government came under pressure from Mr Willie O'Dea, a Fianna Fail backbench MP, to block the extradition of terrorist suspects to Britain.

Mr O'Dea, who spearheaded Fianna Fail opposition to last month's introduction of easier extradition procedures by Ireland, said he was "outraged" at the way the appeal of the six "innocent" men had been conducted and by the decision to authorise no prosecution in the RUC affair.

Ha added: "It is quite plain no Irish person can expect justice in any British court."

Agreement goes on trial, Page 6

Abortion measure faces new obstacle

By Tom Lynch

A PROCEDURAL manoeuvre over a minor private member's bill appeared last night to have lengthened the odds against Mr David Alton, a Liberal MP, succeeding with his bill to tighten the law on abortion.

Mr Alton's bill, which was given its second reading last week, is fourth in the queue for consideration by the one standing committee which deals with private member's bills.

Opponents of his bill had hoped to delay it by extending debate on the other three. The bill's brevity was designed to shorten its line-by-line consideration.

However, MPs yesterday gave an unopposed second reading to the Consumer Arbitration Agreements Bill, sponsored by Mr James Pawsey, a Conservative. Fearing that his bill would be lost in the log-jam behind Mr Alton, he took the highly unusual step of obtaining permission from MPs to have his bill's committee stage on the floor of the House, thus jumping the queue.

This means all MPs can speak on the bill. Opponents of the Alton bill are likely to use this opportunity to take up the limited time available for private member's bills on the floor of the House – time Mr Alton will need for his bill's report stage and third reading debate if it completes its committee stage.

Mr Pawsey's bill, which would allow consumers to bypass compulsory arbitration clauses in contracts with businesses such as builders and domestic removers, was given an unopposed second reading yesterday.

He told MPs these clauses were used to deter consumers from pursuing damage claims through the courts by compelling them to submit first to a potentially expensive arbitration process.

His bill was designed to "draw the teeth" of these clauses by giving consumers the option of taking the case to the county court, which would have the power to make a ruling or to enforce arbitration.

He promised to introduce an amendment during the bill's committee stage to allow cases involving less than £500 to be referred to the small claims department of the county court.

Mr Francis Maude, Corporate and Consumer Affairs Minister, said but the Government would not stand in the bill's way but that he was unhappy with the underlying principle that it was all right for people to sign things without reading them.

"If someone signs an agreement he or she should be committed to its terms," he said.

There was a more enthusiastic welcome for the bill from the Labour front bench, where Mr Austin Mitchell hailed it as a blow for consumer rights.

Maclennan confident of merger

BY PETER RIDDELL, POLITICAL EDITOR

MR ROBERT MACLENNAN, leader of the Social Democratic Party, last night predicted an "unmistakable and decisive" vote in favour of merger with the Liberals at this weekend's meeting of the party's ruling Council for Social Democracy in Sheffield.

Dr David Owen, the former party leader who favours a continuing independent SDP, says his supporters will not seek to obstruct a merger and will abstain.

Consequently, the merger should obtain the necessary two-thirds majority in tha council to go ahead with a ballot of all members next month. This will be in parallel with a similar vote by Liberal members following the overwhelming vote in favour of merger at its assembly last weekend.

The main interest this weekend will be the battle for support among party members between the pro-merger majority and Dr Owen's Campaign for Social Democracy – with conflicting claims about numbers of supporters.

Mr Maclennan said at Westminster yesterday that he detected a movement of opinion in favour of merger and he described as "fanciful" some of the claims of Dr Owen's camp.

Each representative in Sheffield is being sent a pamphlet by the pro-merger group in which a variety of prominent social democrats call for a united party.

Dr Owen's allies in the Campaign for Social Democracy are holding a rally this evening to discuss putting the SDP under new management. They were yesterday celebrating a timely local by-election victory, winning a seat from Labour in part of the Woolwich constituency of Mr John Cartwright, who will be the president of the continuing SDP.

He said: "This excellent result shows people are still willing to vote for a strong self-confident SDP."

Speaking in New York yesterday, before returning to the UK for the conference, Dr Owen warned of Soviet pressures to denuclearise Europe and said the US administration should positively and openly encourage Ango-French nuclear co-operation.

Dr Owen, who was addressing a conference organised by the Council on Foreign Relations, argued that the Soviet Union wanted Western Europe to be denuclearised while they kept nuclear weapons- "that is a crude attempt at maintaining Soviet domination."

He said keeping aircraft armed with nuclear weapons in western Europe was an essential step to check Soviet pressure for its denuclearisation.

Labour rejects poll tax boycott

BY JAMES BUXTON, SCOTTISH CORRESPONDENT

MR NEIL KINNOCK, the Labour Party leader, yesterday firmly ruled out any question of Labour campaigning for non-payment of the community charge or poll tax, which comes into operation in Scotland next year.

He said that to campaign for non-payment of the poll tax was not a feasible suggestion. The outcome of such a campaign would be "a sort of dreamland" because not many people would actually refuse to pay.

Mr Kinnock's declaration, at a press conference in Edinburgh where he later opened the party's annual local government conference, was intended to head off ideas for a non-payment campaign which are being discussed in the Scottish Labour Party.

He told the conference that the Government was praying for the Opposition to launch a campaign in favour of breaking the law because it would divert attention from the "deliberate injustice" of the poll tax.

Mr Kinnock said he did not believe that the poll tax would be implemented in England and Wales because there were too many doubts about the measure among the Government's supporters, not least in the House of Lords.

The local government finance bill, which includes the introduction of the poll tax for England and Wales, is going through the House of Commons.

If the poll tax were implemented, he said, it would be such a "weak and puny tax" that it would be easily uprooted when Labour returned to power.

He said the tax was unjust, centralising and inefficient... It would smash families and "fine people for compassion," because it would penalise families which housed elderly relatives.

Papers end distribution deals

BY RAYMOND SNODDY

ASSOCIATED NEWSPAPERS, publisher of the Daily Mail and the Mail on Sunday, has told its wholesalers that it intends to terminate distribution contracts for the newspapers.

The move is the latest shake-up in the newspaper distribution business following the decision by Mr Rupert Murdoch's News International to create 182 exclusive wholesale distributorships covering England.

Associated's issuing of 90-day notices of termination is being seen as the first step in the creation of an alternative distribution network to that operated by News International in England for The Times, Sunday Times, Sun, Today and News of the World.

As a result, the Daily Mail and the Mail on Sunday could be about to move to a virtually all-road distribution system with the exception of long rail journeys to north-east and north-west England.

If this is confirmed it could finally undermine the viability of a comprehensive rail distribution system for newspapers. Both News International and Mr Robert Maxwell's Mirror Group Newspapers are already delivered by road.

It is believed that W.H. Smith, Britain's largest newspaper distribution company, has been working with Associated in trying to set up an alternative wholesale network to that controlled by News International in England.

Mr Malcolm Field, managing director of W.H. Smith, would only say last night: "We expect to gain more business from this development."

On Sunday Mr Maxwell will outline his distribution plans on the Business Programme on Channel 4.

In the interview, Mr Maxwell says Mirror Group Newspapers will be distributed by a mixture of road and rail to about 100 points throughout the country. Wholesalers and retailers will then pick up newspapers

"The wholesaler is not going to be driven out of business, although there will be substantial reductions in the number of them and the whole thing will be more efficient," Mr Maxwell says.

GEC-Plessey link approved

BY DAVID THOMAS

LORD YOUNG, the Trade and Industry Secretary, has given General Electric Company and Plessey, Britain's two largest telecommunications equipment manufacturers, the go-ahead to merge their telecommunications interests.

The Office of Fair Trading is to negotiate with GEC modifications to the commitments given by the company following its failure to take over Plessey in 1986.

These included an undertaking not to merge with a Plessey subsidiary without the industry Secretary's agreement.

US health company expands in Plymouth

BY ANTHONY MORETON

BECTON DICKINSON, the US manufacturer of healthcare products, is to spend £10m on two developments in Plymouth, Devon.

It is to establish a factory for production of its Falcon laboratory equipment and a separate distribution centre. The two will employ 140 people.

Becton's decision is the second by a US concern in the city this week, Premier Computer Corporation announced on Monday it was to set up a £6.5m disk-drive facility employing 180. Last month, Matrix, a US software concern, chose Plymnuth for its European base.

The two new developments will be built alongside Becton's current plant in Plymouth which employs 300 people.

It also has production plants in several other European countries though the majority of its 20,000 employees are in the US.

Mr Ivor Simpson, director of the Devon and Cornwall Development Bureau, said the company's decision emphasised the area's suitability as a distribution centre not only for Britain but for the rest of Europe.

Shareholders in stores barred from jury

By Ralph Atkins

SHAREHOLDERS in Woolworth Holdings and Dixons, the retailers, were barred from the jury in a case at Luton Crown Court yesterday.

Jury members were asked to state if they held shares, or were past or present employees of either group, before taking the oath.

Mr Michael Anderson, aged 43, has pleaded not guilty to a charge of conspiring to intercept communications in the course of transmission by the public telephone system.

The case follows the alleged discovery of a listening device at the home of Mr Peter Hopper, buying director at Comet, a Woolworth Holdings subsidiary.

The case is expected to continue on Monday.

Britoil chief to join Ansbacher

By Richard Evans

SIR PHILIP Shelbourne, chairman of Britoil until the end of April, is to become chairman of Henry Ansbacher Holdings, the merchant bank, from June 1 this year.

He will succeed Mr David Leroy-Lewis, who will be 70 in June and has said he is withdrawing from his City interests. He will resign as chairman of Ansbacher on May 31.

Sir Philip, who is also deputy chairman of the Takeover Panel, announced his forthcoming departure from Britoil prior to the British Petroleum bid.

Sunday racing bill brought down at the first hurdle

BY TOM LYNCH

A BILL to legalise commercial sports events on Sundays and allow on-course and off-course betting at Sunday race meetings was talked out by MPs in the Commons yesterday.

Mr Nicholas Soames, Conservative MP for Crawley, could only watch helplessly as opponents of his Sunday Sports (No 2) Bill ensured that debate on the first private member's bill in yesterday's session occupied most of the parliamentary day.

Only 36 minutes were left for MPs to debate his bill and fierce opposition from Labour and backbenchers of both main parties ensured that the debate was adjourned until a later date – effectively consigning it to parliamentary oblivion because of lack of time.

Mr Soames protested angrily at the "procedural monkey business" which had ensured his bill's defeat.

He said a number of major sporting events took place on Sundays and were technically in breach of a 1780 act because they charged admission.

Mr John Patten, Home Office Minister of State, said the Government would not stand in the way of the bill but Mr Robin Corbett, from the Labour front bench, demanded a royal commission on gambling and launched a strong attack on the horse racing industry.

An almost identical bill sponsored by Lord Wyatt, chairman of the Tote, has passed the Lords but yesterday's events suggest it has little chance of clearing the hurdles it faces in the Commons.

Ilea ordered to cut £58.5m from £1.04bn budget

BY MICHAEL DIXON AND TOM LYNCH

THE GOVERNMENT yesterday told the Inner London Education Authority to cut its spending in the financial year starting in April to £985m, a total of £58.5m less than the reduced budget of £1.04bn the Labour-controlled authority had put forward in negotiations with Mr Kenneth Baker, Education Secretary.

Ilea's original plan, announced last year, had been to spend £1.09bn in 1988-89.

The announcement of the new limit coincided with denials by Downing Street and Mr Baker that any decision had been taken to scrap Ilea.

However, the announcements did nothing to quell Labour fears that the Government plans to accept an amendment to the Education Reform Billto that effect, tabled by former Cabinet ministers Mr Michael Heseltine and Mr Norman Tebbit. The bill is undergoing its committee stage.

Mr Frank Dobson, shadow Leader of the Commons and a London MP, yesterday challenged Mr Baker to come to the House and "deny rumours, peddled by him personally yesterday, that he was going to announce the abolition of the Ilea."

Ha said later he would protest if the Government used Monday's debate on the guillotine motion – designed to impose a timetable on the bill's committee stage – as the occasion to announce the abolition.

He said the Government's election manifesto had spoken only of allowing boroughs to opt out of Ilea. "The Government has no mandate for this irrational, capricious, spiteful, politically-motivated decision."

Downing Street said the Cabinet had not discussed Ilea on Thursday.

Crossing the Rubicon towards the banks

Building societies are weighing the pros and cons of changing their status, writes David Barchard

BUILDING SOCIETIES are on the verge of decisions which could permanently change the movement. At issue is the question of whether at least some of them will end their mutual status and become public companies.

Halifax, the biggest, announced last week that it had appointed N. M. Rothschild as an adviser on the practicality of conversion. On Tuesdsy, National and Provincial announced that it had retained J. P. Morgan, the US bank, for similar advice.

The 1986 Building Societies Act has given building societies the option of incorporating as public companies from the start of this year.

Any society that does so will automatically become a bank and will be able to raise equity capital and diversify its lending activities. It will be able to escape from the legal limitations which oblige the societies to concentrate 90 per of their activities in the mortgage market and impose ceilings of 5 per cent of asseta on unsecured lending.

Incorporation would also mean saying goodbye to the non-profit ethos of the building society world with its roots in the 19th century. The risks as well as the opportunities of commercial competition in the banking markets would have to be taken.

Quite apart from the strains this might place on existing management teams, there could be more fundamental long-term uncertainties. After incorporation, a new bank would be protected for five years, but after that there would be the possibility of a takeover.

Most societies seem to have thought that it would be some time before they were actually faced with a decision about whether or not to cross the Ruoicon. Despite this, most of the larger building societies have been holding discussions with merchant banks.

There has been some surprise that Halifax signalled its interest in incorporation without waiting for the publication of the results of the Government's review of Schedule 8 of the 1986 act.

This is expected in the next few days and it is widaly assumed that it will relax many of the restrictions on building society activity, easing the sense that many societies have that they have no option but to go public.

"There has been a steady build-up of commercial pressure on the building societies in recent months," says Mr John Ginarlis, of Quilter Goodison. "It is very much a Catch 22 situation for them."

High on the list of those pressures is a declining share in the mortgage market, where the building societies last year accounted for about 65 per cent of mortgages compared with 85 per cent three years ago.

With competition narrowing the spread between mortgage rates and the cost of funds, building societies have had to look for other ways of making money, a process which has already transformed the high street operations of branches of the larger building societies.

Investment in non-traditional activities to attract customers, such as automatic teller machines and computerised services, have increased the need for funds and raised the return on assets required to operate profitably.

"An inferiority complex vis-a-vis the banks is another undercurrent compelling the societies to think very seriously about incorporation," says Mr Michael Wheelhouse of Euroratings, a London-based company which this week published the first public rating of 10 leading British building societies.

The debate about going public is agonising for the building societies precisely because it touches on an identity crisis. The signals from the market are telling the larger and medium-sized societies that they might do better if they took the plunge and went public.

"The signals for plc conversion are categorically not coming from our customers," says Mr Tim Melville-Ross, the chairman of Nationwide Anglia. "The majority of them do not know the difference between a plc and a mutual."

Conversion would require the approval of the members in a vote in which not fewer than 20 per cent would have to take part. For Halifax, this would mean an election with at least 1.5m voters, an operation that would be lengthy and perhaps divisive.

"To get members to vote "yes" would probably require some campaigning and perhaps dipping into reserves to offer a "sweetener" as an additional inducement. The societies tend to see the flotation of Trustee Savings Bank last year as a partial precedent for their own possible incorporation, but new legal and practical snags are likely to be met along the way.

Tim Melville-Ross: no plc signals from customers

Societies based in the south of England-based, such as, Abbey National, might find it easier to gain the necessary approval than those with their roots among canny northern savers.

In the end, societies will have to make a choice about their own identity and not just about how they gain access to new sources of funds. Smaller societies may find that the expected relaxation of Schedule 8 will let them off the hook.

Television studio staff act to alter work practice

BY JOHN GAPPER, LABOUR STAFF

AN IMPORTANT initiative to try to bring about peaceful changes in working practices within independant television has been made by Beta, the clerical and studio staff union.

The union has written to the ITV Assocation, the joint negotiating body for ITV companies, to ask for a meeting to discuss radical changes in the national agreement that would reduce the levels of overtime payments to staff.

The ITV Association said it was interested in the approach. It had replied asking for a preliminary meeting at which the union could explain more fully what changes it wanted before the start of formal negotiations.

The approach, which followed e national conference of Beta representatives last Saturday, means that two of the four broadcasting staff unions – Beta and the EETPU electricians unions – are pressing for national negotiations.

The Actt television technicians' union, which is involved in the prolooged dispute at TV-am, ITV's breakfast television company, has so far pursued a policy of oegotiating change to local staffing agreements rather than nationally.

Mr Vincent Feiner, Beta's national officer for ITV, said yesterday that the conference had decided that it would be counterproductive to try to resist inevitable changes within the industry.

It had reversed Beta's existing policy of opposing changes to the national agreement – a cornerstone of ITV's industrial relations policy since 1957 – and called for changes to several aspects of it.

Those changes would include greater flexibility in working practices, the breaking down of grading demarcations and alterations to the multiplying penalty payments for not observing set meal and shift breaks.

At the moment, a considerable proportioo of the wages earned by Beta staff comes in the form of overtime and penalty payments.

Mr Feiuer believed there would have to an increase in basic rates to compensate for any changes.

"We want to change the whole basis on which we are paid so that we have a realistic basic wage and the companies do not have to incur large overtime payments," he said.

Industrial action at Daily Telegraph

By John Gapper

ONE OF THE first outbreaks of industrial action among print workers at a national oewepaper sinces widescale changes to staffing agresmente bae occurred at the Daily Telegraph's new head office in the Isle of Dogs, east London.

Tbo dispote – over whather tha company ahould employ a sales canvasser euffaring from epilepsy – led to an unofficial stoppage by about 50 clerical workers on Wednesday and a meeting yesterday of 70 staff to consider further action.

The company took a firm line over the dispute and refused to allow any staff member involved io the actioo on Wednesday to enter its head office yesterday without signing a commitment to normal working.

The meeting, called by leaders of the Sogat '82 print union's clerical chapel (office branch), decided on a return to work because there was insufficient backing from the workforce to ballot on official action.

Mr Jeremy Deedes, Daily Telegraph executive editor, said that although eoms staff had broken contracts of employmeot, tha company had decided not to take "precipitative action" against them.

The Daily and Sunday Telsgraphs negotiated oew working agreements with print unioos to minimise the chances of industrial action prior to moving both to a oew printing plant and a new editorial head office in Docklands.

Ms Jano Hall, dopoty mother (chairman) of the Sogat '82 chapel, said that the union would to press for the company to employ the sales canvasser as part of its 3 per cent quota of disabled persons under 1944 legislation.

The man reached the end of o three-mooth triai period yesterday. The company said it was not giving him a permanent job because his condition made him unsuitable for the work and he had failed to disclose his fall employment history.

'Flexible firm' idea criticised

BY DAVID BRINDLE, LABOUR CORRESPONDENT

AN OUTSPOKEN critique of the "flexible firm" concept, claiming it rests on "an uncertain basis of confused assumptions and unsatisfactory evidence," has sparked controversy among industrial relations academics.

The critique has been pobllshed by the Warwick University Iodustrial Relations Research Unit and has pitted the unit against the Institute of Manpower Studies, which has been closely identified with development of the concept.

The Warwick study suggests that IMS's enthusiasm for the the flexible firm theory stems at least in part from "IMS's wider role as an intermediary between employers and government labour market policy."

According to the theory, the flexible firm operates a dual labour force of an inner core of skilled employees, versed in e variety of functions, and a periphery of temporary, part-time, self-employed and sub-contract labour.

The emergence of such split workforces is supposed to have become increasingly pronounced since the 1970s. The cornerstone of the theory is seen as an IMS/National Economic Development Office report, Changing Working Patterns, published io 1986.

Ms Anna Pollert, author of the Warwick study and a member of the unit's research staff, attacks the flexibility model and its advocates in the most trenchant terms.

She says that even the Nedo report smacks of "attempts to make the facts fit the model." The facts, she argues, are a complex pattern of unrelated cost-cutting measures, sectoral employment change, rationalisations and revised managerial practices.

Of the work of the labour flexibility school, she writes: "It is characterised by a consistent style of global prophesying, sweeping generalisatioo from very limited evidence, economic or technical determinism and an assumption of a radical break with the past."

Mr John Atkinson, the IMS research fellow most closely associated with the theory, yesterday rejected what he called Ms Pollert's "destructive" criticism. "We welcome debate on the model, but unfortunately Pollert brings absolutely no new evidence to bear, relies on highly selective quotations of work in this field and proposes no alternative framework."

The Flexible Firm: A Model in Search of Reality (Or a Policy in Search of a Practice?, Warwick Paper in Industrial Relations No 19, IRRU, Warwick University, Coventry CV4 7AL, £2

Authorities warn over pay for teachers

By Our Labour Correspondent

LOCAL AUTHORITY leaders have told tbe Government it must change its plan for future determination of teachers' pay "if it is to have any chance of avoiding complete failure."

The National Employers' Organisation for School Teachers, representing education authorities in England and Wales, says in a unanimous, all-party sobmission that anthorities should have no less control over teachers' pay than they have over police pay.

"It would be indefensible for local authorities to have less influence over the pay and conditions of teachers, whom they employ, than for police officers whom they do oot," Mr Neil Fletcher, the authorities' leader, says in the submission to Mr Kenneth Baker, Education Secretary.

Yesterday was the last day for responses to the green paper on teachers' pay and conditions, issued following abolition of the statutory Burnham Committee.

The green paper proposes a statutory "teachers' negotiating group" with an in-built government majority on the management side. The Secretary of State would also have powers to implement an award in the event of failure of the group to agree a settlement.

The authorities say there must be at least two changes to this plan to give it any prospect of success.

First, the employing anthorities – not the Government – ahould be given the voting majority oo the managemeot side. In return, the authorities would accept that the minister could exercise a right to veto settlements.

Second, there should be a unilateral right for either the management or unions to seek arbitration to break e deadlock.

Mr Fletcher says: "These changes would provide a better balance between the interests involved: the cootract would esseutially be negotiated between employers and employees, with the Secretary of State able to intervene in exceptional circumstances."

The teaching unions have differed in their responses to the greeo paper. The three main uolous waot a foll-blooded negotiatiug couocil, but the NAHT head teachers have said they would consider joining a pay review body.

Dispute at Cammell Laird over passes

By Ian Hamilton Fazey, Northern Correspondent

A DISPUTE over the use of *combined clocking-in and identity cards* has halted work at the Cammell Laird shipyard at Birkenhead.

As a result, the management has locked out 1,500 hourly-paid workers.

The workers are demanding an extra payment for using the plastic cards, which have a magoetic strip for wiplug through an electronic reader when workers clock in or out. The card also bears a photograph of the holder.

Each employee is expected to carry s card at all times and to take it home. Salaried employees already use them.

Although wipe-through cards were accepted for clocking-in last year, the introduction of new cards doubling as security passes has been seen by union leaders as a bargaining item. The management's argument is that they are covered by a new technology agreement.

Mr Peter Foulis, personnel director, said that after months of argument everyone was instructed to use the new system last Thursday. Refusals led to the lock-out.

A formula for ending the dispute will be put to a workforce meeting on Monday morning.

Nupe issues guidelines over action in hospitals

BY OUR LABOUR CORRESPONDENT

THE National Union of Public Employees acted yesterday to distance itself from any disruptlve action in hospitals next week which could put patients at risk.

Io guidelines issued to its branches, the union said: "The spotlight will be on Nupe members. We know our cause is just and has wide public sympathy. But the Government and their supporters will be looking for any careless words or action to use against us."

The guidelines recommend *action such as* "silent vigils, protest lines, candlelight rallies, public ballots, lobbies, demonstrations and schemes to monitor waiting lists."

Where labour is withdrawn, the union says, "members must ensure it can be demonstrated that there is proper cover so patients do not suffer."

The guidelines were made public in an effort to show a responsihle approach to the action planoed oext week, mainly on Wednesday, over the Government's handling of the National Health Service. Nope has already been accused of trying to repeat the 1978-79 "winter of discontent."

Mr Rodney Bickerstaffe, the union's general secretary, said: "Nurses and other health staff know that their first duty is always to their patients."

Nope also issued an NHS "charter" setting out key demands incloding: adequete funding for patieot care, *increased staffing levels and* pay awards; "decent" pay for nurses, metchlng comparable jobs outside the NHS; restoration of NHS ancillary workers' former pay relativities; continued full funding of the NHS from general taxation; and an end to "forced privatisation" of NHS services.

So far, norses at 21 London hospitals have voted for e 24-bour strike next week. More *than 2,000 nurses* are said to be likely to walk out.

Strikes and other protests are also expected elsewhere: some nurses at hospitals in Worcester, Birmingham, Sheffield and Nottingham are among those who heve voted for action. However, 500 Nupe nurses in Peterborough have voted narrowly against a stoppage.

The Royal College of Nursing, whlch has a no-strike policy and is organising its own protest campaign, yesterday issued lts own guidelines to members on next week's events. It told them to "walk straight through" any picket line set op by other unions.

Mr Chris Humphreys, Nupe's London regional organiser, said yesterday: "Nope's advice is quite clear. People who want to work should be allowed to cross the picket lines

Approaching with caution

Kevin Done and John Gapper on the implication of a Ford strike

IF LAST-DITCH talks on Sunday fail and production at Ford's plants in the UK ls halted, it would only be a matter of days before the impact would start to be felt throughoot the whole Ford organisation in Europe.

Ford's European automotive operations have beeu highly integrated and several key components are sourced from only some of the group's 22 plants in the UK.

The Dagenham plant, for example, sopplies all the 1.6 litre diesel engines for Europe for Ford's Fiesta, Escort and Orion models, while the Bridgend engine plant is the group's sole source for 1.4 and 1.6 litre (CVH) petrol engines for the same models.

Ford said yesterday: "We are on fairly tight supply schedules and there is not much fat in the system." Production schedules at Ford's Continental assembly plants could clearly be rejigged to buy time, but output would increasingly be unable to match precise customer demand.

Ford of Europe has about 112,000 employees of whom *more than 45,000 are based in* the UK. Duriog the 1980s, Ford'a plants have remained relatively trouble-free, but it is no accident tha: the workforce has decided to make a stand on this offer.

A deal would signify one of the most radical changes ln ways of working yet achieved in the British car lndustry. Behind the offer lies a plan for an entirely new m· ˙f shop-floor on which flexible teams – supervised by group leaders – would work without traditional demarcations.

Although the company nas dropped one of the most contentious aspects of its offer – for a pool of temporary labour to meet seasonal demand fluctuations – enough remains to make the onions believe that Ford may yet be willing to dig a little deeper lnto its pockets.

A deal would give the company room to dismantle some of the traditional demarcations lt believes have held back the productivity of lts British plants. The most important is the dividing line between skilled and semi-skilled workers. Ford wants to make the two interchangeable.

The co-operation of the UK workforce has been one factor encouraging the substential investment in Britain by Ford of Europe in the last decade. UK spending is around £300m a year - and accounts for the largest single part of group employment in Europe.

The UK is also Ford's single most important market in Europe with car sales last year totalling about 580,000. This compares with aales in West Germany of some 302,000. It is the undisputed market leader in the UK with a market share last year of 28.8 per cent.

This market success inevitably makes it vulnerable to a prolonged strike. Dealer stock levels are not high and with the order intake in January running above last year's level, particularly for the Sierra, a company spokesman admitted that "dealers could be embarrassed fairly soon."

In the long term, a damaging strike in the UK would hit hard *the rehabilitation that* has been achieved in the last 10 years, which has seen a marked improvement in the performance of the UK motor industry in general.

Ford *has* moved out of the phase when Continental dealers would refuse to take UK-produced Ford vehicles and the company has again begun to entertain the idea of exporting cars from the UK. It is already exporting Transit vans to some markets such as France and Italy.

Although new car sales could clearly be lost in a prolonged strike, the company's most immediate concerns are the uncertaioty that even ahort-term industrial action would create among customers, and the immediate threat to its supply of spares.

APPOINTMENTS

Chairman at C.T. Bowring

Mr Philip Wroughton, deputy chairman of C.T. BOWRING & CO, will become chairman and chief executive at the end of March following the retirement of **Mr Gil Cooke**. Mr Cooke has resigned as chairman and a director of Bowring U.K. and **Mr Hamish Ritchie** has been appointed chairman of that company in addition to his role as chief executive.

★

Mr J. Michael Pickard has been appolnted chairman of FREEMANS in succession to **Mr John Brooman** who remains a director. Mr Pickard is chief executive of Sears. **Mr Geoffrey Maitland Smith**, chairman of Sears, has also been appointed a director. Two non-executive directors, **Mr Roger Chapman** and **Mr Richard Webb**, have resigned as directors.

★

EVODE GROUP has appointed **Mr Eric Holdsworth** managing director of the group's plastic division. He remains managing director of Evode Plastics, a subsidiary of the main division.

★

Mr John Wright, formerly chief estates surveyor for the Civil Aviation Authority, is joining THE GROSVENOR ESTATE on May 1. He will be managing director designate of Grosvenor Estate Belgravia.

★

Dr James B. Mundell, managing director of Halma Group subsidiary The Analytical Developmeot Company, bas been appointed to the divisional board of the HALMA safety division.

★

POLLY PECK has appointed **Mr P. Geoffrey K. Tucker** chief executive of its leisure division. Over the past six years he has developed the Celebrated Country Hotels chain of hotels in England.

★

Mr Arthur Butler, joint managiog director of CHARLES BARKER WATNEY & POWELL, has been appointed vice chairman. **Ms Evie Soames** becomes sole managing director.

★

AIR CALL has eppointed **Mr John Clisby** sales director. He was an independant sales and marketing consultant.

★

Lord Havers, formerly Lord Chancellor, has been appointed chairman of THE SOLICITORS' LAW STATIONERY SOCIETY. He succeeds **Lord Silkin** who will become life president.

★

Mr Christopher Falkus has been appointed chief executive of the MACDONALD PUBLISHING GROUP. He was chairman of the ABP general publishing division.

★

B & C VENTURES, the development capital arm of British & Commouwealth Holdings, has appointed **Mr Chris Pallant** and **Mr Jim Monteith** to the board.

★

CAMBRIDGE ELECTRONIC INDUSTRIES has made the following management appointments: **Mr Robin C. Hood** has been appointed managing director of Newmarket Microsystems, one of the group's subsidlaries. He was managing director of Keltek Electronics, another CEI company. **Mr Michael N. Jarman** has been appointed to succeed Mr Hood at Keltek Electronics as director and general manager.Hs was operations manager. **Mr Roger P. Jourdan** has been appointed managing director of C.I. Polymers, one of the group's specialist companies. He was managing director of Harold Harding (Plastics).

★

Mr David Wallace has been elected to the board of LINGUAPHONE GROUP as managing director of Linguaphone UK. **Mr Barry Roberts** has been made operations director on the board of Linguaphone Institute.

★

Mr Simon Simpson has been appointed to the main board of JARDINE REINSURANCE HOLDINGS (UK).

★

Mr Barry Twigg has been appointed chief executive of ANCRON STAINLESS STEEL. He served on the boards of Tarmac and Steetley.

★

Mr Anthony D. Garrett ba. been appointed a non-executive director of NATIONAL PROVIDENT INSTITUTION. He ls chief executive at The Royal Mint.

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Mr Lawson's nightmare

NIGHTMARES are the unsvoidable fste of Chancellors of the Exchequer. Inundated though he is by praise for the British economic miracle and even acting from time to time as though he believed it, Mr Lawson cannot escape all the drawbacks of the job.

For any British Chancellor a nightmare would include a deteriorating balance of payments, an overvalued real exchange rate, declining economic growth, soaring money supply and – last but oot least – pressure for higher pay in key parts of the public sector and in that bellwether of private industry, the manufacture of motor vehicles. Nothing like that could possibly happen in the brightly-ahining miracle of the UK economy, could it?

Unfortunately, it could and it is, with the really difficult problems arising for monetary and exchange rate policy. The normal response to fast mooetary growth – higher rates of interest – would have effects on the exchange rate that, however excellent as a specific for domestic overheating, have the side-effect of exacerbating the deterioration in the current account.

How then is one to judge the most important news on the UK economy of last week, that oo the current account for December and, indeed, for 1987 as a whole? In December the current account deficit is estimated at £582m, close to the deficit estimated for November of £595m.

Projected deficit

Looked at quarter by quarter the current account has moved from a surplus of £572m in the first three months of 1987, to deficits of £659m, £1,146m, and an estimate of £1,459m in the succeeding quarters. The deficit for 1987 as a whole was some £2.7bn, compared with one of just under £1bn in the previous year.

At the time of his Autumn atatement of last November the Chancellor projected the deficit for 1987 at £2½bn, a modest underestimate for the year. The forecast for 1988 was for a deficit of £3½bn, which would imply a major improvement on the performance shown in the last quarter of 1987. In fact, if the rate for the fourth quarter were to continue, the deficit in 1988 would be about £6bn; if the trend were to continue, the deficit would be higher still.

The evidence of a deterioration in the external accounts is disturbing, especially for someone with a long memory. Two issues arise: first, how likely is it that the size of the deficit is over-stated and how dangerous is it, in any case?

The global "black hole" on invisible transactions – the extent to which the world's deficits and surpluses do not balance – is running at some $50bn. Meanwhile, the UK has its own discrepancy, the balance of payments balancing item, which was as large as £12bn in 1986. The likelihood is that the UK current account is better than shown in the official statistics, perhaps by as much as £5bn but probably by less.

Misleading question

While the position may be better than appears, the trend is towards deterioration. Furthermore, the foreign exchange market is moved by what it sees, not by the truth (whatever that may be). How is the foreign exchange market likely to respond?

The UK is the world's second largest creditor, after Japan, with net external assets at the end of 1986 of $162bn. How could a deficit of a few billion pounds a year create difficulties? This is a misleading question since those assets almost certainly do not belong to the UK residents who might wish to borrow, the issue being their creditworthiness.

The major worry for lenders is probably the exchange risk, which is why a currency crisis is self-feeding. The UK can, therefore, probably survive a deteriorating external position, provided the Government's commitment to the exchange rate remains unquestioned. Thus, if sterling were to weaken the Government would promptly raise interest rates to stabilise the currency.

The arguments against such a policy would be domestic ones. A deteriorating external positioo is not very helpful for economic growth. If one were unconcerned about inflationary pressure in the economy, therefore, depreciation within the DM2.80 to 3.00 band might be appropriate.

It is here that the Chancellor returns to his nightmare. Given the continued pace of monetary growth and earnings, he cannot risk a significant depreciation and has to hope that the resulting external deficit can be financed without great difficulty. Prudence as well as luck will be needed if he is not to find his nightmares of today turned into an all too familiar British reality.

Kieran Cooke, in Dublin, looks behind this week's outburst of Irish anger against British justice

The agreement goes on trial

BACK in the late 1960s, it is said, Mr Harold Wilson, then the British Prime Minister, and his Irish counterpart, Mr Jack Lynch, were involved in s somewhst barbed exchange. "The trouble with you Irish," said Mr Wilson, "is that you never forget." "The trouble with you British," said Mr Lynch, "is that you never remember."

The Irish have always felt the British do not understand, or do not want to understand. That feeling has been strengthened by the events of the past week, events which have sent shock waves bounding across the Irish Sea.

Shock number one for the Irish came on Monday from Sir Patrick Mayhew, the British Attorney General. He told the House of Commons that it had been decided not instigate any prosecutions following an inquiry into an alleged "shoot-to-kill" policy by the Royal Ulster Constabulary in County Armagh, Northern Ireland, in 1982, despite evidence that some officers had sought to pervert the course of justice. Sir Patrick said prosecutions were oot in the public interest because of national security considerations affecting "the safety of people's lives"

Shock number two came on Thursday afternoon, when, as Mr Charles Haughey, the Irish Prime Minister, was telling the Dublin Parliament of his dismay at Sir Patrick's announcement, news came through from London that the appeal of six Irishmen against their conviction for the murder of 21 people in the 1974 Birmingham pub bombings had been dismissed. The appeal was the culmination of a long campaign, very widely supported by Irish Catholics, protesting the innocence of the six men.

> **"Once again the old distrusts between the Irish and British have arisen"**

The RUC case and the Birmingham Six verdict are entirely separate: yet in Dublin they are inexorably linked by the perception, correct or not, that when it comes to the Irish, there are different rules of British justice. It is this perception which has far reaching implications for the future of Northern Ireland and for relations between Dublin and London.

More particularly, it sets the severest test yet for the 1985 Anglo-Irish agreement. At the core of the accord was the commitment to foster greater confidence among the minority Catholic community in Northern Ireland in the security forces and the administration of justice.

Specifically, Article 7 of the agreement emphasises the need for "special measures" to improve relations between the security forces and the Nationalist community. Article 8 says: "The two governments agree on the importance of public confidence in the administration of justice." The intention was that by tackling these issues, support for the IRA, which feeds on Nationalist allenation from British institutions, would diminish.

This week, Irish backers of the agreement have been dismayed. A government spokesman said the accord had been breached. "Once again, the old distrusts between the Irisb and the British have arisen," said Mr John Hume, leader of the mainly Catholic Social Democratic and Labour Party, the main supporter of the accord in Northern Ireland. "They should have been buried a long, long time ago."

The British government's position on the Birmingham Six is that it had already taken a significant step when Mr Douglas Hurd, the Home Secretary, agreed to refer the case for appeal to the High Court. After that it was entirely a matter for the judges. The government would be hostile to any suggestion from Dublin that political pressure should be exerted in the case.

The RUC case has more immediate bearing on the Anglo-Irish accord, however. This was reflected in the swift agreement by the British side to an Irish request for a apecial meeting next Tuesday of the Anglo-Irish conference, the working body set up under the agreement, to discuss the issue.

Sir Patrick Mayhew's Monday announcement followed events between November and December 1982 when the RUC shot dead six people, including three members of the IRA and two from the INLA, the Irish National Liberation Army, in three incidents near Lurgan, in County Armagh. Five of the victims were uoarmed. The sixth, apparently unconnected to any paramilitary group, had an ancient rifle and no ammunition.

Allegations of an RUC shoot-to-kill policy were compounded from the Irish point of view by evidence given in court that RUC special units had at least once operated across tbe border in the Republic, flouting Dublin's long-standing objection to cross-border incursions by Northern security forces.

Lengthy investigations of the affair were undertakeo. The RUC officers involved in the case were charged and acquitted of murder. But following claims in court that junior officers were ordered by their superiors to give false evidence, Mr John Stalker, then deputy Chief Constable of Greater Manchester, was called in to conduct a further inquiry. He was later removed from his duties and became the subject himself of a police investigation, though he was eventually cleared. As reports grew that Mr Stalker's findings were highly critical of RUC practices and command structures, the Nationalist community in the North and many people in the Republic became convinced that a cover-up was underway.

Sir Patrick's announcement that no prosecutions would be undertaken was therefore seen as confirmation of this view and caused near apoplexy across a wide range of Irish opinion.

Dublin feels it has been betrayed and humiliated by Britain's unwillingness to prosecute those involved in the affair. Members of the previous Fine Gael administration which negotiated the agreement are convinced they were given assurances that senior RUC members would be brought to court as a result of the Stalker inquiry. Mr Alan Dukes, Fine Gael's leader, said the whole question had been on the agenda of meetings of the Anglo-Irish conference.

Particularly galling to the present administration is the way the matter was announced. "At no stage," Mr Haughey told the Irish Parliament, "did the British government seek the views of the Irish government." The whole affair has caused not only anger but also embarrassment among members of Mr Haughey's governing Fianna Fail party, only recent converts to the terms of the Anglo-Irish agreement.

The Irish reaction can hardly have surprised British ministers, but they have stressed the independence of the' Attorney General and Northern Ireland's Director of Public Prosecutions in reaching a decision which had to take into account the special security circumstances in Northern Ireland. Prosecutions could have exposed members of the security forces to terrorist attack.

Nevertheless, Mr Tom King, the Northern Ireland Secretary of State, was keen to assert that the decision not to prosecute was "not the end of the matter". There is a strong hint of severe disciplinary measures against RUC officers implicated in the "shoot-to-kill" inquiry and changes in RUC procedures. The signals from the Northern Ireland Office are that it is keen for relations with Dublin to return to an even keel and is anxious that the Anglo-Irish agreement should not be jeopardised. Mr King said in the House of Commons this week that he acknowledged that the events of 1982 had "cast a shadow" over recent attitudes.

However in Irish eyes, Britain's action shows a lack of faith in the agreement and is, at the very least, remarkably insensitive

Fr Denis Faul is a Catholic priest who teaches at a college in Dungannon, Northern Ireland. Over the years he has been a tireless campaigner against violence in the North; a thorn in the side of both the security forces and the IRA. He was also the first person to bring the case of the Birmingham Six to public attention. Fr Faul's is a widely respected figure in the nationalist community in the North, "99 per cent of whom," he says, "do not support the IRA." He was angered by Monday's Commons announcement. "I just don't understand this business about the national interest. Is he (Sir Patrick Mayhew) saying that the Catholic community in Northern Ireland are outside the national interest?"

Mr Peter Barry was the Irish Minister for Foreign Affairs in 1985, deeply involved in framing the agreement. "If I was Foreign Minister now, I would be tearing strips off Tom King," he says. "The British government has let itself down. It has let the people of Northern Ireland down and it has let the Irish government down."

He ran into considerable criticism at one stage for urging members of the Nationalist community in the North to join the RUC. Significantly, he now says he must reconsider his advice. "I've been made to look a fool," he says.

The IRA has had some considerable setbacks recently. Eight of their members were killed in a single clash with the security forces at Loughall, County Armagh, last May. A massive arms cargo destined for the IRA was captured last October, thougb other big arms shipments are believed to have reached Ireland. Then there was the horror of the Enniskillen bombing in November, which put the IRA very much on the defensive. It is felt by many in Dublin that the British government has now given the IRA a propaganda lift. Only weeks ago the head of Sinn Fein, Mr Gerry Adams, was making an "apology" for the IRA bombing at Enniskillen. This week he was quick to condemn what he called the contemptuous attitude of the British government. "Nationalists can now see that British law cannot protect them," said Mr Adams.

Ireland has always felt it has a responsibility towards the interests of the Nationalist minority in the North. It sees this as being sanctioned under the terms of the Anglo-Irish agreement. Dublin bas atrongly criticised many aspects of the judicial system in the Nortb, including the continuance of the one judge, non-jury "Diplock" courts system. There is a strong feeling that northern justice is still dominated by the Unionist community: the majority of judges in the north are from Protestant, Unionist backgrounds.

But since 1985 there have been advances: the mucb despised "supergrass" system – where informants were used to secure mass convictions - has ended. Against considerable opposition, not least from within his own party, Mr Haughey has successfully piloted a new Extradition Act through the Irish parliament designed to improve procedures for extraditing IRA suspects from the Republic to Britain.

There has been a substantial increase in the amount of cross-border security cooperation, an issue of the highest priority for the British throughout the Anglo-Irish process. But that might now change. "It is very difficult to rally public support for security cooperation in the present circumstances," a government spokesman said.

At Tuesday's special conference meeting, Dublin will want to hear exactly what has governed London's recent decision making. It will also be making its case about what it sees as the increasingly arbitrary administration of British justice. "Matters cannot be left as they are," says Mr Haughey.

Man in the News

Robin Leigh-Pemberton

Getting up steam for a second turn at the helm

By David Lascelles

MR Robin Leigh-Pemberton, Governor of the Bank of England, sat at his capacious desk in the City yesterday, surrounded by newspaper clippings commenting on the oews of his reappointment for another five years.

They were not universally flattering. All of them harked back to the biggest embarrassment of his first term: the Johnson Matthey Bankers crisis of 1984 and the rift which that caused between the Bank and the Treasury.

Many of them pointed out that Mr Leigh-Pemberton seemed to be more of a figurehead Governor and so less of a force than his hands-on predecessors. Virtually all the commentator-atalked of the Bank's "declining role" – a polite way of saying that it is not the place it used to be.

Mr Leigh-Pemberton, who is 61, is vulnerable to this sort of comment: he came to the job with little banking experience, and his manner has as much of the country gentleman about it (he is Lord Lieutenant of Kent) as it has of City polish.

But he is determined to be neither irked nor depressed by the articles, particularly the more personal ones. In his first term, he explains, he acquired a form of reaction to this, "a thick skin if you like, but not too thick. I learnt that the job calls for a degree of courage and faith."

But he is stirred by suggestions that Britain's most eminent financial institution – now nearly 300 years old – is losing its influence in Whitehall and the City. "The role of the Bank is changing," he says, "but I do not accept tbat it is declining."

He particularly resents the idea that the Bank has yielded up its traditional area of competence – monetary policy – to a strong-willed Chancellor.

"It is a myth to imagine that there was a golden era when the bank operated monetary policy all by itself," he says, proceeding to cite an incident in 1917 when the Governor, Lord Cunliffe, had to make a grovelling apology to Lloyd George for selling some of the country's gold without the Treasury's permission. Even before it was nationalised in 1946, the Bank had to answer to the Treasury.

As for the proposition that the Bank now merely takes orders from the Treasury, Mr Leigh-Pemberton points out that the 1946 Bank of England Act gives the Treasury power to gives directions to the Bank, but only after consulting the Governor. "This power has never been invoked," says Mr Leigh-Pemberton firmly.

"We still have a role in monetary policy in advising the Treasury of the likely reaction to such and such a move. And I can recall several episodes where certain proposals appeared on the Treasury's agenda and disappeared after we had been consulted and pointed out the difficulties."

What has changed, though, is that the Treasury is now much better informed about what goes on in tbe City, partly because it can watch the market through its own computer screens. So the Bank no longer has a monopoly on market intelligence.

And what of the Bank's role as "steward of the City? Have successive Banking Acts undermined its legendary ability to hold everyone to its beck and call through sheer moral authority?

"I don't think my power has become less through statutory backing. We now have powers that are better specified and understood. It is our decisioo, for example, who is fit and proper to own a bank."

In some ways, the Bank's power has even broadened: it now appoints members of the ruling Council at Lloyd's, and holds sway over large parts of the securities markets, as gilt-edged dealing.

But the Bank's wide powers have also made it answerable for many of the City's recent lapses into scandal and crime, particularly to a public resentful of its aky-high salaries. The Governor blames them on the huge competitive pressures which have built up in the City with the arrival of dozens of foreign banks and investmeot houses in the last few years.

One merchant bank chairman told Mr Leigh-Pemberton that his young recruits complained that they would lose market sbare unless they were able to cut corners. "Every chairman has got to resolve these sorts of difficulties," the Governor says.

So, what is the answer? "Some people have been calling for more convictions in the courts. This may happen, but it is not essential. What is salutary is to observe how many prominent people in the City have lost their jobs, and how quickly this happened. I ahould be surprised if this lesson has not been learned. An unhealthy atmosphere was built up by the league tables and the personality cults. They can now see where all that ends up."

Mr Leigh-Pemberton says that the completion of a strong system of investor protection is ooe of the main objectives of his second term. He also wants to extend this beyond the UK to the global markets through an alliance with financial regulators in other countries. He is worried about the cost to practitioners of tight regulation, but considers it essential to preserve confidence in the markets and London's name as a place to do business.

"There is a lot of work still to be done," he says. "I just hope my steampower does not flag. I'm sure my staff will warn me if it does."

Peter Marsh and Jimmy Burns report on this week's London conference which discussed ways of combating AIDS

The era of compulsion

GLOBAL efforts to slow down the spread of AIDS took a step forward this week as health ministers from 120 nations agreed to share ideas on teaching people ways to reduce their chances of contracting the disease.

Discussions at a world AIDS summit in London produced some remarkable frankness – about such aspects as how to change people's sexual habits and the extent of the problems facing individual nations – among countries which even two years ago were reluctant to admit the existence of the disease. According to World Health Organisation statistics, by 1991 there will probably be 1m cases of AIDS, which is spread largely by sexual contact and for which there is no known cure.

At the moment, the total number of recorded cases is 75,000 though the true figure is probably about 150,000. Roughly balf the recorded cases are deaths. The greatest incidence of the disease have been in tha US (50,000 recorded cases), Western Europe, South America and Africa. Asia has barely been touched – at least for the time being.

However, beneath the talk about sexology and statistics at the summit, there were several contentious issues which could threaten the harmony of a global effort to contain the disease. Some of these are purely scientific: disagreements about the rate at which AIDS could spread from the homosexual to the heterosexual community in the developed nations.

In these countries – in contrast to many parts of Africa where the disease has spread rapidly among the heterosexual population – AIDS has so far been confined largely to homosexuals and intravenous drug users, where the condition is spread through infected blood.

Scientists lack the hard data to make concrete projections about how AIDS will permeate the general population in the indnstrialised world. Professor Roy Anderson, an AIDS expert at Imperial College in London, said: "Wa are assuming AIDS will spread into the heterosexual community but at what rate we do not know."

There is also no final answer as to why AIDS has spread so rapidly among heterosexuals in Africa. A contributing factor, according to one of many theories, is that poor hygiene has spread the disease throngh genital lesions or, non-sexually, by the sharing of dirty needles in medical inoculations.

Other problems, which are likely to be even harder to resolve, concern political and cultural differences between individual countries attempting to fight AIDS.

On the one hand these may lead nations to impose curbs on travellers or mandatory testing of high-risk groups to determine whether they have the disease. Mandatory testing, which is already practised in several countries including Bulgaria, Argentina, South Africa and China and which may soon be introduced in India and Japan, has been condemned as infringing people's rights.

Some countries find the kind of discussion needed to explain AIDS is a problem. Dr Mohamed Ali Mnnassar, bealth minister of Somalia, admitted that his country faced a problem fighting AIDS because in Somalia "talk of sex is taboo". None the less, Somalia, which has no recorded AIDS cases, has started its own health education programme on the subject.

Mr Rodger Sakuhuka, Zambia's health minister, refused to discuss AIDS problem in sexual terms. "In my country it is not traditional to talk about homosexuals," he said. Professor Shu-Sheng Wang, a Chinese health official and his country's chicf AIDS spokesman, said he preferred the term "questionable practices" to homosexuality.

Another moral minefield arises from the view that the number of AIDS cases in specific countries, for instanca Africa, is due to people exchanging sexual partners very frequcntly. In recognition of this tricky area, international AIDS experts talk not of promiscuity bnt of "polypartnerism".

There is also a danger, according to some observers, of discriminatory and, in some cases, xenophobic attitudes. Prof Wang of China said the country's three year screening programme covering 10,000 "volunteers" was being extended to cover compulsory AIDS tests for all Chinese wbo had spent more than a year abroad and all foreigners arriving in the country.

China is also strengthening legislation making homosexuality, drug addiction, and prostitution punishable by lengthy "labour re-education" in special camps. Prof Wang indicated that in the absence of a cure for AIDS, Western countries should adopt similar tough measures.

Mr Rodolfo Rodriguez, Argentina's under secretary of health, said his country was anxious to impose tough frontier controls to restrict the movement of homosexuals in and out of neighbouring countries. The move appears to have been temporarily put aside after a strong reaction from neighbouring Brazil which is officially opposed to compulsory screening of target groups on human rights grounds.

Nevertheless, within its own boundaries Argentina has already gone further than many Western nations. Since thc beginning of 1987 it has introduced compulsory AIDS screening for prostitutes, prisoners, and drug addicts.

Dr Masararu Itoh, director of the Japanese Infectious Disease Control Dlvlsion stressed that his country did not want to go the way of other industrialised nations who he claimed had "reacted too late." Japan is still the only major industrialised nation to have saved itself from a major AIDS ontbreak with only 59 carriers of the disease, and in a bid to keep this figure low, Japan has passed new laws for imprisoning prostitutes suspected of having the AIDS virus. Other laws covaring mandatory blood tests have also been prepared.

Then there are problems of religion, as in Argentina, whose cnltural tradition is imposed by its highly conservative Catholic bishops. Although the civilian government's AIDS campaign uses the slogan "Look after your life" – this is a conscious counterpoint to the "death" so often invoked by the country's former military regimc – it has not been able officially to back the widespread use of condoms.

Within the Third World, in particnlar in Africa, there appears to be a deep-rooted suspicion that international publicity on AIDS is attempting to focus blame on African governments for being slow to recognise the seriousness of AIDS and take preventative measures.

"So much of what your correspondents write is a distortion. They should speak directly to ministers to hear the truth," said a minister of a black African state in response to continuing reports in the Western media that African governments such as his are, by ignoring medical evidence, downplaying the AIDS threat.

In response to this, Dr Jonathan Mann, director of the World Health Organisation's AIDS programme, went out of his way this week to refute suggestions that African governments had been any slower than those in other countries to face up to AIDS.

Beyond the political jousts, however, there were signs at this week's conference that indivldual countries were learning from others. Mr Robert Windom, US assistant secretary for health, said: "As we get more information there are going to be less people prepared to pass on the blamc. As times go on, the public is going to accept that it is a disease of human beings and not of any specific group or country."

AIDS CASES:
Top ten countries
Cumulative

US	49743
France	2523
Uganda	2369
Brazil	2325
Tanzania	1608
W.Germany	1588
Canada	1423
UK	1170
Italy	1104
Kenya	964

Source: WHO

Added to this underlying note of compassion was the view which appeared to be shared by most nations that discriminatory measures such as mandatory testing of AIDS suspects, leaving aside morality, simply would not work.

According to Dr Spencer Hagard, chief executiva of the UK Health Education Authority, even a draconian and highly expensiva testing programme for large numbers of people would mean soma AIDS cases would siip through and spread the disease. "The science does not fit the authoritarian measures," sald Dr Hagard. This may lead countries to conclnde that, if they are serious about curbing AIDS, education is the only way.

Stephen Fidler looks at the effect of the October stock market crash on jobs in the City

A not-so-golden goodbye

FOR Andrew Philips, a 34-year-old international equities salasman with Shearson Lehman Brothers, the glamour of a job in the City of London evaporated abruptly one day in September. Told to attend a meeting at 4.10pm, 65 minutes later he left Shearson's expensive offices in Broadgate for the last time.

Such lightning dismissals have become commonplace in a City chastened by the developments of the last six months. Since June, City firms have announced the sacking of more than 2,000 people, a figure which severely underestimates the total jobs lost.

If Mr Stephen Lewis, of stockbroker Phillips & Drew, is correct, within a couple of years 50,000 jobs could have disappeared. Ha says this figure, which includes employment in support services such as sandwich shops, would account for 10 to 15 per cent of the total City workforce.

So far the axe has fallen hardest in areas such as the capital markets. These are the places where expansion has been most rapid over the last two years, fuelled both by Big Bang, which encouraged firms to take on more staff to expand into businesses previously forbidden to them, and global bull markets in bonds and shares.

International bond markets signalled the first signs of trouble early last year, as interest rates started to ratchet up in the main industrial countries. Then, in October, world stock markets turned in devastating fashion, causing widespread losses and a subsequent sharp downturn in orders.

Unable to keep pace with their now huge overheads, firms were forced into severe cost cutting. Most initially attempted to do this without pulling back from any business areas, but others, for exampla Salomon Brothers, Lloyds Merchant Bank, and Orion Royal Bank, have withdrawn completely from some businesses. Dealing rooms – such as that of Lloyds Merchant Bank in Queen Victoria Street – already stand empty.

Mr John Forsyth, a group director of Morgan Grenfell, says nothing so far suggests that the effect on the City will be so profound, proportionately, as that wreaked by the bear market of 1972 to 1974. That said, the City makes up a more important part of the UK economy now than it did then.

Mr Philips, who has now left the City, feels that working at Shearson equipped him to run his own management consultancy business. As a result, he does not consider himself a victim of the US firm's cost-cutting operations, but says that tha manner of his firing – "the efficiency of the operation and the brutality of it" – left him cold.

Indeed, City gossips swiftly identified a certain crassness in the way in which several firms have disposed of staff.

People nt Chemical Bank were first told to hand in their security cards, and then told why. Those losing jobs at County Natwest last week could be spotted by the black dustbin liners placed on their desks. Staff at one American-owned investment bank, it is said, learned of their fate when their names were announced over the firm's loudspeaker system.

But at L.F. Rothschild, the New York firm, which this month announced it would cut its London operation back from 80 people to 10, nobody was surprised. For six weeks, traders had been using their personal computers to play video games.

The reactions of those fired have also become part of City lore. A favourite tale is is of tha sacked trader who left his Porsche on the pnvement ontside his bank's offices, locked and with the alarm screeching. He then threw away the keys.

Stories such as these – and those about the fights supposed to have taken place in County Nntwest's trading room last week – are usually denied by the firms involved. Indeed, like the tales of suicide around Wall Street in 1929, they are undoubtedly subject to exaggeration and embellishment.

There is no doubt, however, that there is often great distress. "There was, if not weeping, a high degree of emotion at tha meeting. One or two people were very upset," said Mr Philips of the day when he and 150 others were sacked at Sbearson. An executive, charged with delivering the nnwelcoma messages, "turned grey".

The reaction of those employed in the City has been to act defansively – as confirmed by the observations of recruitment specialists. After the jobs merry-go-round in the prelude to Big Bang, labour mohility has fallen sharply. It is becoming extremely difficult to persuade people to change jobs.

This is partly because the last-in, first-out principle is npplied hy many firms. It is cheaper to fire somebody hired in the last two yaars – payment often only amounts to a few weeks' salary.

It is also because tha financial packages which persuaded people to move are jnst not there any more. Many City houses have frozen staffing levels, but those still hiring have lowered salaries for new staff. They are offering anything between 10 and 50 per cent below what they were giving about 18 months ago. For salespeople, whose pay is tied to the orders they generate, remuneration is down as much as volume. In international equlties, this can mean as little as a quarter of pre-crash levels. Bonusee, which often account for a large proportion of a year's income, have also tumbled – in some cases to nothing.

Many of those who have been fired realise that they will not get another job in the City. "It's like a game of musical chairs where somebody keeps taking the seats away," says Mr Charles Cronin, a former international equity salesman with L.F. Rothschild, the New York firm, who is now looking for a job. Yet, like many others, he has not been unemployed long enough to decide to take the plunge elsewhere. A job in advertising for Mr Cronin would mean a 50 per cent pay cut from the – modest by City standards – £25,000 he had been earning.

Despite the uncertainties those still at work are staying put. "Even if you see which way the wind is blowing, you always think you'll be one who escapes the axe," says Mr Philips.

Letters to the Editor

Children have a raw deal

From Mr Alan Mackie.

Sir, Your leader ("The Taxation of Marriage," January 19) missed an important social dimension to the question of personal allowances for married couples.

Single non-transferable personal allowances work against mothers (or fathers, for that matter) staying at home to bring up children, because the incentive lies in returning to work and getting someone else to do the rearing. Consequently the issue is not solely a question of striking an equitabla balance between the obligations of married and unmarried taxpayers, or of women's rights, but of children's rights too, and ultimately the interests of society.

It should be plain to see – certainly it is from the legions of childminders who pick up toddlers from my daughter's infant school – that too many children these days have a raw deal, often entrusted to young and inexperienced strangers who change with bewildering rapidity. These children grow up years before their time, with a hard-boiled precocity that invariably masks a superficial intelligence and an unarticulated grudga against society that could mean future trouble.

There may be mothers who equate such neglect with learning to cope with a tough world. Equally, there must be others who are deeply disturbed at leaving their children so young, but do so because it is now considered "normal," or because they cannot afford not to.

They should be encouraged to make the financial and other sacrifices imposed by staying at home to rear their children (so, incidentally, releasing jobs for other breadwinners who desperately need them). Transferable allowances do offer some compensation.

Alan Mackie,
66 Canonbury Road, N1

If intended for publication, letters to the Editor should include, where possible, a daytime telephone number.

Electricity on wholesale

From Mr David Starkie.

Sir, Max Wilkinson suggests (January 21) that if a privatised electricity industry was able to pass extra fuel costs on to the consumer, as British Gas is allowed to do, this would lead to the adoption of inefficient (fuel hungry) generating capacity.

A regulator, therefore, would need to prescribe an appropriate use of capital. (At which point readers may be forgiven for questioning whether privatisation is worth pursuing on such terms.)

I am puzzled, however, about why it should be necessary to allow fuel costs *per se* to be passed on. In a situation where the generating industry was competitive, the power companies would be wholesaling electricity. This would be produced by a combination of inpnts, only one of which would be fuel. If the formula for regulating consumer tariffs permitted, instead, wholesalers' prices to be passed on, power companies would have no special incentive to substitute fuel for capital or *vice versa*.

David Starkie,
TM Economics,
136 Long Acre, WC2

The pain could be doubled

From Mr J.A. Leek.

Sir, Mr Bailey's letter ("Window tax," January 23) is not the open and shnt case he would have us believe. Are those of us who have prudently installed double glazing to be taxed twice? Government policy on this should be ascertained before this otherwise sensible proposal is promoted elsewhere.

J.A. Leek,
8 Aterton Drive,
Wimbledon, SW19

Trees should be inspected regularly

From Mr D.B. Crawford.

Sir, Your "Briefcase" column of January 16 indicated that damage from a fallen tree has no remedy against the neighbour whose tree caused the damage unless the neighbour already knew the tree was in a dangerous condition. I believe a court would accept this ruling providing the neighbour could demonstrate that the tree had been inspected, from time to time, to ensure that it showed no external evidence that it was dangerous.

The recent exceptional storm brings home the need for tree owners whose trees are close by houses, roads and public places to organise regular inspections and seek specialist guidance if a tree seems potentially dangerous. Information can normally be obtained from the Arboricultural Association, the Institute of Chartered Foresters, the Forestry Commission, some local authorities, and the Department of the Environment.

D.B. Crawford,
25 Magnolia Close,
Bracken Park,
Driffield,
York

We still have difficulty with one economic phenomenon – the stock exchange

From Mr David Damant.

Sir, A few points might be added to the comments on the efficient market theory set out by Barry Riley on Saturday, January 23.

First, the fact that the efficient market theory can put forward (at least at present) no coherent expianation for the falls in the markets on October 19 does not mean to say that the model is incorrect. If such an assumption were made, practically any line of scientific advance would be stopped in its tracks, and with economics still far from a science it is perhaps hardly surprising that we still have difficulty with one economic phenomenon, the stock exchange.

The astonishing developments in the market in 1987 may lead us to re-examine the model but should not lead us to give credence to anecdotal speculations such as those set out in your columns by Mr Forsyth (Letters, January 21). The evidence for the rational behaviour of markets is very large and there is no competing theory, apart from the theory of the madness of crowds, which is contrary to a good deal of the evidence and needs eome unlikely assumptions. The capital markets of the world are so important that we mnst approach the problem systematically and not on the basis of our own impressions of what is happening.

Although this point is important there is an even more important one. If the 1987 crash had some basis, the economic consequences could be very unfortunate indeed. A great deal of what is supposed to have happened in 1929 and the early 1930s is of the nature of folklore, and your newspaper could well pnblish a detailed analysis as to what governments did immediately following the crash – it may prove that they were less out of line with what we would do today than is sometimes supposed. And yet the economic developments were unfortunate. It would be foolish for those planning investment or business strategies not to assume that there is a significant chance that economic disaster will eventually manifest itself. This may not happen, but it might.

David Damant,
Paribas Asset Management,
Garrard House,
31-45 Gresham Street, EC2

From Mr Gerald Meteau.

Sir, Barry Riley ("The Long View," Weekend FT, January 23) comments on the bafflement of some business school professors and others, concerning recent stock market events. Their bafflement may be because they do not recognise a fundamental defect in the market economy as an allocator of resources via the price mechanism.

The price-determining mechanism contains a generator and amplifier of price oscillations, whose magnitudc can become disruptively great. This may be demonstrated by reference to the stock market, where the profits (or losses) to investors arise from *two separable sources*: the performance of the productive economy in producing proceeds and asset growth for investors; and the fluctuations of market prices for stocks and shares because of flnctuations in demand by investors.

These fluctuations contain an amplifying linkage, leading to disruptive boom-bust performance of prices, which become decoupled from thc performance of the productive economy.

This boom-bust performance of prices arises as follows. In a bull market, there can develop an upward spiralling of prices for stocks and shares because *the upward spiralling process itself acts as a "money-making machine" for investors*.

The spiralling process is similar to s "pyramid selling" confidence trick, in which a person sells a piece of paper for £1 to someone who believes it can be re-sold for £2 to someone else, who believes it can be re-sold for £4....and so on. If the piece of paper is of little real value – except as an instrument in the pyramid process – then sooner or later someone will pay a lot of money for very little – which no one else is willing to buy at the spuriously inflated price.

In the case of the stock market, as soon as the upward spiralling of prices falters (which can happen for a variety of reasons), then prices come crashing down because their previously inflated price was only sustainable on the expectation of continued npward movement. In the absence of the pyramid selling "money-making process," the only value of stocks and shares comes from the real productive economy; and their value is very much lower than thc artificially inflated prices of the pyramid process.

Such boom-bust fluctuations of prices occur generally, throughout a market economy; they periodically affect the prices of commodities and other items which can become instruments of a pyramid selling process.

As a consequence, investments in prodnctive facilities, made on the basis of price forecasts, can end in disaster because of the large, unpredictable oscillations of market prices occurring as a result of the pyramid process and the subsequent collapse of prices.

The conclusion must surely be that, from the point of view of the efficient allocation of resources in the productive economy, the market mecbenism for determining prices is fundamentally fanlty. Research is needed to discover how the market economy can be reformed, so as to remedy this defect – and others.

Science and technology have given us the means to provide everyone with a decent standard of living. Yet millions of people exist in conditions of wretched poverty. My conclusion is that capitalism and communism are both failed systems. We need a new economic system, more responsive to human needs, providing a bealthy environment and a more healthy way of life.

Gerald Meteau,
82 Terrings Avenue,
Worthing, Sussex

From Mr John Somers.

Sir, The Random-Walk Model, now more usually know as the Weak Form of the Efficient Market Hypothesis – the form commonly associated with the image of the "Drunkard's Walk" – simply asserts that in s market of numerous, competing, rational investors, historical price deta are no profitable guide to future price changes.

How, then, can Barry Riley contend ("The Long View," Weekend FT, January 23) that e surprisingly sudden and large market movement falsifies this hypothesis?

If a significant number of chartists had predicted the October 1987 crash (although the markets had chosen not to respond to their predictions), the Weak Form of the Efficient Market Hypothesis would have been falsified – and I might have needed a great many stiff drinks.

But they didn't; it wasn't; and I survived the crash on modest quantities of claret.

John Somers,
Quarley Down Farm,
Cholderton,
Salisbury, Wiltshire

CONTINUING DISPOSALS PROGRAMME TO STRENGTHEN FINANCIAL POSITION

StanChart £110m US bank sale

BY RICHARD WATERS

Standard Chartered, the London-based International bank, is to raise between $200m and $210m (around £110m-£115m) from the sale of a US subsidiary, marking the continuation of a aeries of sales deelgned to strengtheo its financial position.

Citicorp has agreed to buy United Bank of Arizona, which Standard Chartered acquired just a year ago as part of its strategy to build a US base. The sale price, reflecting a premium of $78m over net asset value when the deal is completed, is well below the $291m Standard paid for the bank.

The sale was seen by observers yesterday as a prelude to the sale of Union Bancorp, Standard's Californian subsidiary, of whieh United was a part. Market estimates value Union at between $600m and $700m.

The sale of United will improve Standard's capital ratio by 0.2 per cent, Mr Rlehard Stein, finance director, said yesterday. Given Standard'e 3 per cent capital ratio et the last half year, this leaves it well short of the 4.5–5.5 per cent range of the major UK clearing banks.

Standard is now in discussion with a number of other banks about the sale of Union, said Mr Stein. The United sale "makes It easier to deal with Union . . . There are a number of technical issues to do with unscrambling the whole," he said.

The bank is struggling to repair the damage done by provisions of £400m against loans to developing countries made in the first half of 1987. It raised around £150m from the sale of its 38 per cent stake in Standard Bank of South Africa at the end of last year.

When asked whether other parts of the group, or individual assets such as its London headquarters, would be sold, Mr Stein said: "We have no sacred cows . . . The test must always be, have you got something that is worth more to someone else than it is to you?"

Citicorp will pay for United by transfering $145m worth of the Arizona bank'a property loans to Standard and paying around $60m in cash. Standard said it will make an immediate provision of $15m against expected losses on the loans.

The market was unimpressed yesterday by the deal, with Standard's shares closing 15p down oo the day at 535p.

Spalvins sells Coates stake for £28m

BY CLAY HARRIS

MR JOHN SPALVINS yesterday called an end to his 18-mooth courtship of Coates Brothers after a French rival won the battle for control of the printing inks maker.

Markheath Securities, the UK property company controlled by Mr Spalvins' Adelaide Steamship, sold its stake for £27.9m shortly after CdF Chimie, the French state-owned ehemleals group, announced the success of its partial offer for Coates shares.

The French group is now confident of passing the last test – ahareholders' approval on Monday of the Coates' acquisition of Lorilleux International, CdF Chimie's industrial inks subsidiary, through a share issue. This would give CdF a total 40 per cent stake.

Markheath's 20.24 per cent of ordinary shares and 22.27 per ceot of non-voting A shnres were sold to Alexanders Laing and Cruickshank at 340p and 310p respectively. The stockbroker placed the shares with about 25 institutions at prices 3p higher in each case.

In the market, ordinary shares lost 9p to 380p and A shares fell 9p to 350p.

AdSteam began to build its stake in Coates in 1986 and transferred it to Markheath last April. Markheath alone made a profit of about £7m on its stake.

It had strongly opposed the deal with CdF Chimie as a back-door takeover without offering a full eash offer to shareholders. Earlier this month, Mr Spalvins hinted at a rival full bid.

CdF Chimie said yesterday it had received acceptances for 37.2 per cent of ordinary shares (for wbleh it was offerlog 505p) and 35.7 per cent of A ehares (459p). As this blocked Markheath's own strategie aims, it decided to take its profits.

At Monday's extraordinary meeting, the resolution to issue shares for the Lorilleux acquisition requires a simple majority. A subsequent motion to enfranchise the noo-voting shares requires a 75 per cent majority.

General Consolidated reorganisation

BY NIKKI TAIT

HOT ON the heels of Ivory & Sime's complicated £300m reconstruction scheme for three of its investment trusts on Thursday, independently-managed General Consolidated Investment Trust yesterday unveiled its reorganisation proposals.

General Consolidated, however, is treading a more familiar path. The trust, with assets totalling about £82m, plans to turn itself into a split level investment trust, offering shareholders three different classes of share – income, capital and stepped preference – in exchange for the current single class.

Reconstructions on similar lines have taken place elsewhere. Although schemes differ in details the principle behind them is identical. By offering shareholders different elasses of income and capital ehares, the trusts hope to eliminate the difference between the price at which their shares trade and the value of their underlying assets. It is this discount which makes investment trusts vulnerable to bids.

In the General Consolidated scheme, it is envisaged that the trust will have a fixed life of approximately 10 years. The first new elass of share is a "stepped preference share". These will be entitled to net dividends of 2.6p in 1988 which, with an assumed initlal market value of 100p a share, gives a gross starting yield of 3.6 per cent. The dividend will then be increased at 7.5 per cent per annum. In addition, the stepped prefs are initially entitled to 100p on winding-up, increased also at 7.5 per cent pa, giving 203.6p by 1997. The stepped prefe do not normally carry voting rights.

The income shares enjoy all the remalning distributsble income once the stepped prefs (and existing preference stock) have been satisfied. Dividends in the first year are expected to be 7.2p a share, suggesting n prospective gross annual yield of 9.9 per cent. The income shares are also initially entitled to 60p on winding up, rising to 100p by 1997.

The capital shares benefit from the remaining capital growth achieved by the trust, and are entitled to all surplus assets on winding-up once the other classes have been satisfied. Initial net asset value per capital share will be 200p.

If the proposals sre approved, shareholders will receive new shares in fixed proportion of 3 stepped pref; 4 income; 2 capital. Precise allocations depend on net asset value at the time the scheme is implemented. However, based on a nav of 423p a week ago, someone with 1,000 ordinary shares would receive 1,410 stepped prefs, 1,880 income and 940 capital. A "mix and match" election will also be available so that shareholders can opt for more of one class to the extent that other shareholders make compensating elections.

BT and BA raise £250m in Euromarket

By Clare Pearson

British Telecom and British Airwnys raised a combined £250m in the sterling Eurobond market yesterday.

BT, which has been awarded the finest triple-A credit rating by the US rating agencies, found ample demand for its £150m five-year deal, whleh traded at priees eomfortably above the discount at whieh underwriters own it.

Yesterday'e issue marked BT's debut in the Eurosterling sector though it has twice tapped the Eurodollar bond market since it was privatised in 1984. Lead-managed by S.G. Warburg Seeurities, it paye interest at 9½ per cent and is priced at 101⅛.

BA's £100m 10-year issue, lead-managed by Union Bank of Switzerland (Seeurities), pays interest at 10 per cent and is priced at 100⅝. Its borrowings have not been rated by the US agencies.

Dealers said the bond – the company's second Eurosterling deal – was likely to have less appeal to the market than BT's. Nevertheless, the lead-manager said it had found wide demand. The closing bid price was 1.95 perceotage points below its issue price, compared with its two per cent commissions.

The two bonds appeared at the end of a week of unusually high Eurobond new issue activity, fuelled by a strong rally in the US Treasury bond market.

GrandMet's £0.3m compensation

Grand Metropolitan, the drinks, hotels and food group, paid out £270,000 in compensation and ex gratia payments to former directors during its 1986/7 financial year, the company's annual report revealed yesterday.

The directors were not named, but most of the money is thought to have gone to Mr W.D. Scott, who had been in charge of US operations and resigned in October 1986.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding div	Total for year	Total last year
Cowan de Groot ......int	0.75	-	1.25	-	2.5
Davies (DY) § ......int	1	Apr 19	1	-	4
Douglas (RM) ......int	1.3	Mar 18	1.2	-	3
General Consld ......fin	11.3	-	9	15.8	13
Hampton Trust ......int	0.5	-	0.5	-	1.25
Hill Samuel ......int	4	-	3.8	-	14.8
Practical Inv ......int	1	-	-	-	-
Shield Group § ......int	1	-	1	-	3
Sommerville (W) ......int	1	-	1	-	10
Tranwood ......fin	0.5	-	nil	0.5	nil
Turnbull Scott ......int	5	-	3	-	9
Wholesale Fitts ......int	2.69	-	2.34	-	10.08

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. Unquoted stock. Third market.

Waverley Cameron talks with Gulliver rivals

BY CLAY HARRIS

Waverley Cameron, the Scottish stationery maker, said last night it would hold further talks with rival suitors before deciding whether to maintain its support for a proposed management buy-in by Mr James Gulliver, Arygll Group chairman.

The board's statement followed a meeting which considered the £4.8m takeover bid by Flavell Communications, a private company controlled by Mr Kevin Doyle, Edinburgh businessman. Flavell's adviser, British Linen Bank, is to meet Bell Lawrie, advising Waverley Cameron, on Monday.

Flavell, which owns 25.6 per cent of Waverley Cameron, has bid 500p in casb for the rest. Waverley Cameron shares rose 57p yesterday to metch the offer.

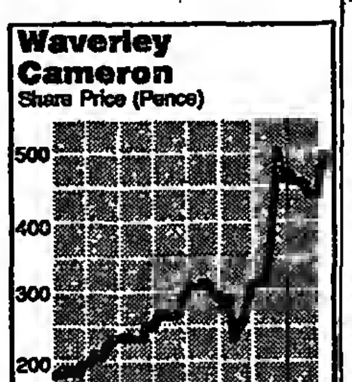
Sanda Investments, the vehicle for Mr Gulliver's proposed buy-in, bought 13 per cent at 270p. It repeated its snpport for the plan under whieh it would be issued shares at 120p to take its stake to 64 per cent.

It said: "Sanda continues to believe that the unique opportunity afforded to shareholders in Waverley Cameron to participate in the existing long-term growth prospects of the company under James Gulliver is highly attractive."

Mr Doyle said he doubted any compromise was possible. The last chance of compromise had evaporated when Flavell's offer to underwrite a £3.8m rights issue at 270p, a plan under which Mr Gulliver still would have beeome non-executive chairman, was rejected.

"They want total control of the company, and they want it at 120p," Mr Doyle said. Of Mr Gulliver, he said: "He wants in on the cheap. If he doesn't get in on the cheap, he doeso't want in at all."

Flavell will seek to require Waverley Cameroo to void the £130,000 in unsecured loan stock it issued to Sanda.



Dubilier improvement slows in second half

Dubilier International, manufacturer of electronic componeots and connectors, yesterday announced a second interim dividend of 2p net per share against a final dividend of 1.9p in 1986.

The second interim is being paid because the company has changed its year-end from September to December, following July's £24m merger with Coline International, manufacturer of accessories for electronic test equipment.

The last financial year will cover 15 months to December 31, 1987.

Mr Ronald Hooker, chairman, said yesterday that sales and orders in the year to September had improved on the previous year but the upward trend was slower in the second half.

Automatie Connector, Dubilier's US component manufacturer, had problems with the computerisation of its production systems in the first half.

Project delays cut D Davies shares by 20%

By Philip Coggan

A alump in interim pre-tax profits caused shares in D.Y. Davies, the USM-quoted architectural group, to fall by more than 20 per cent yesterday, finishing 45p lower at 175p.

Profits fell to £88,000 in the six months to October 31 from £440,000 in the first half of last year. And nfter tax of £59,000 (£170,000), earnings per ahare were substantially lower at 0.5p (5.3p).

The cause of the downturn was hold-ups on two major projects - the extension of the Guildhall for the City of Londoo and London Bridge City Phase II for St Martin's Property Corporation.

Because of the size of these projects, Davies increased its overheads to cope with the expected workload; therefore the delays were particularly damaging, knocking aronnd £400,000 off first half profits.

Although overheads had since been redneed, the benefit of those savings would not be seen until next financial year.

However, the Guildhall scheme was now under way again and wonld be a mnch larger commission than previously envisaged.

The company was also confident that the planning problems of the London Bridge scheme would soon be resolved.

In addition, significant changes had been made in the management of an architectural team which lost money in the first half of the year.

"We have effectively lost a year" said Mr David Davies, executive chairman, yesterday. "I am disappointed but not despondent".

As a reflection of the confidence in the future, the directors are maintaining the interim dividend at 1p. They are waiving their own entitlement.

Forward deal

Forward Gronp has paid £230,000 cash for a 60 per cent interest in Silicon Microsystems.

Static first half for Hill Samuel

By David Barchard

Hill Samuel Group, merchant bank, madn after-tax profits of £18.45m for the six monthe to September 30 1987 slightly down on the £19.22m in the same period the previous year. The pre-tax figure was also a little lower at £27m.

Earnings per share, fully diluted, were four per cent lower nt 19.6p (20.48p). The interim dividend is being raised from 3.8p to 4p.

Since the end of period Hill Samuel has become a eubsidiary of the TSB Group and has sold or closed all its market-making activities in seeurities, including Wood Mackenzie. Excluding these activities profits and earnings per share for the period under review rose slightly, thn company said.

A breakdown of the after-tax figure showed merehant banking operations to be the main cootributor with £11.7m (£11.1m); investment managemnat snrvices made £5.3m (£6.4m); emplnyee benefit snrvices £3.8m (£3.4m); insurance broking £562,000 (£1.04m) and shipping serviees £1.3m (£887,000).

Jas Finlay sale talks called off

By Andrew Hill

James Finlay, international trader and financier, and Taylor Woodrow, construction company, announced yesterday that nngotiations to sell Seaforth Maritime, the North Sea supply business, had fallen through.

James Finlay, which owns 55 per cent of the business, and Taylor Woodrow, which owns 45 per cent, were trying to sell the company to OIL, wholly-owned subsidiary of Ocean Transport and Trading, shipping and industrial group, but could not agree terms.

In the 1986 year James Finlay's pre-tax profits were down 30 per cent to £5.78m, and in the half-year to June 1987 thn gronp made a loss of £115,000 pre-tax compared with a profit of £2.41m.

Low oil prices and a depressed tea market were the chief factors behind the decline. However, thn service side of Finlay's energy-related interests, of which Seaforth Maritime is the major part, lost nearly £2m pre-tax in the period. The sector has not shown profits since 1984, when it eootributed a modnst £522,000.

This is the second disappointment for James Finlay within a few months. Last year thn company was unable to sell S.H. Lock, the company's ovnrseas confirming subsidiary.

James Finlay said yesterday that it would continue trying to improve Seaforth Maritime's performance.

Turnbull Scott in strong recovery

A substantial recovery is in hand at Turnbull Scott Holdings. The market reacted to the nnws and marked thn shares up 50p to 525p.

In the half year ended September 30 1987 group profit was £495,000. That compared with a previous loss of £79,000 which grew to £447,000 by the end of 1986-87.

Earnings for the period were 19.6p (loss 33.4p) and thn interim dividend is stepped op to 5p (3p).

A split of the profit shows engineering moved up from £26,000 to £172,000, thn security side rose to £150,000(£110,000), whiln the ehipping side moved round from a loss of £193,000 to a profit of £116,000.

The directors said that they expected continued progress in the second half. For the future they said that core activities were in growth areas and acquisitions were being studied. New trading divisions were expanding well.

In the half year turnover totalled £6.16m (£8.54m).

Matthew Hall profit warning hits shares

BY CLAY HARRIS

SHARES in Matthew Hall fell by one-sixth, from 147p to 123p, yesterday after the engineering contractor and project manager warned of a material reduction in profits for 1987.

Analysts yesterday marked down pre-tax forecasts from more than £19.5m to £16m, compared with the £18.02m reported in 1986. However, the operating decline will be steeper, as the group's 1987 results will include a one-time £4m benefit from a pension holiday in the UK and a US pensions re-organisation.

At the interim stage, pre-tax profits were up by 7 per cent to £6.13m. For the present year £18m is now being forecast.

The sharp fall was blamed on a substantial and unexpected loss on one US fabrication contract, a delay in recovery of contract claims and the weakness of the US and Australian dollars.

Hall also said that the continued weakness in the oil price had delayed major UK projects, for which overhead costs nevertheless had to be met.

These operations would face an immediate review, although Mr Donald Parvin, chief executive, said: "We have made substantial cuts already. We are loth to make more."

The US loss was inc[illegible]red in one of the Barnard & Burk's subsidiary's four divisions, where a successful bid for a process plpework contract underestimated its complexity and resulted in additional costs.

Senior UK managers have been sent out to take charge of the operation based in Baton Rouge, Louisiana.

Contract-variation negotiations to reclaim excess costs from a mining equipment customer had not yet been concluded. Hall in any case plans to withdraw from this sector as part of its business review.

Mr Parvin said the company would also study whether to change its currency accounting practice from year-end conversions to yearly averages.

Despite the expected decline, the group planned at least to maintain the final dividend at 3.5p, to make a total of 5.375p (5.25p). It also said that early indications were that underlying profitability, excluding the effect of pension adjustments, would improve in 1988 over last year.

Order books, apart from the oil, gas and chemical sector, were higher now than at the same time in 1987. The group was engaged in discussions which could lead to an acquisition which would expand its core businesses in the UK and overseas.

Tranwood advances to £1m

BY NIKKI TAIT

Tranwood, financial services and hoisery group, where Mr Nick Oppenheim and Mr Peter Earl are joint deputy chairmen, yesterday announced pre-tax profits of £1.03m in the year to end-December on turnover of £9.18m.

The figures compare with £393,000 and £6.99m respectively in the last 11 months of 1986.

The progress reflects the merger accounting of Ifincorp Earl, expanding mini-merchant hank, acquired in June last year, some further advance on the hosiery side, and higher interest earned.

Earnings per share rose from 0.46p to 0.92p. The company is paying its first dividend for 11 years, at 0.5p a share.

Of Tranwood's three main arms, Ifincorp Earl was the largest profits contributor. It made £634,000 at the trading level, compared with £115,000 in the previous 12 months and £300,000 warranted at the time of its acquisition.

The company said it advised some 30 companies during the year; acted for four clients in agreed bids worth £14m; for four clients in rights issues and placings worth £38.5m; and for three clients in contested takeovers worth £1.8bn. The last figure included the value of the paper-only Benlox bid for retail giant Storehouse on the day – pre-crash – that its offer document was posted.

Yesterday, Mr Earl said that Ifincorp Earl had taken a reduced fee of £150,000 from Benlox for its services during the bid. The bid documents had suggested it could receive up to £250,000.

The Bear Brand Hosiery business also improved, making £461,000 at the trading level on sales of £7.42m. Ariel, agency stockbroking business which was acquired at the same time as Ifincorp Earl, fared less happily with an £80,000 trading loss. However, Tranwood said it intended to strengthen the subsidiary, was looking to add a research element, and expected profits in the current year.

The pre-tax figure was struck after net interest received of £415,000 (£62,000), reflecting Tranwood's net cash balance of more than £10m – the product of the June rights issue.

Fletcher Dennys still in the red

By Philip Coggan

Fletcher Dennys Systems, the USM-quoted microcomputer systems dealer which was recently the subject of a rescue package from Hillsdown Investment Trust, has announced a further set of losses for the six months to September 30.

However the company now believes it is approaching the nnd of the long period of upheaval and expects to return to profits in the second half.

Fletcher Dennys came to the USM in July 1986 and at the time the directors said they were confident of considerable growth over the previous year's profits of £403,000. But the company had geared up for growth which did not occur and consequently it announced pre-tax losses of £901,000 in the year to March 31, 1987.

In July last year, the shares were snspended, following whieh a consortium led by Hillsdown agreed to inject £1.3m. But in October, it was announced that the losses for the previous year had been £2.4m rnther than £901,000 and the Hillsdown package was subseqnently increased to £2.1m.

The interim figures yesterday showed operating losses of £696,000 (£32,000) on turnover of £3.65m (£4.18m). After interest of £221,000 (£127,000) and reorganisation costs of £470,000 (nil), the pre-tax loss is £1.39m (£159,000). The loss per share is 20.1p (2.3p) and there is no interim dividend.

Part of the reason for the increased losses was a change in accounting policies.

Woodchester to buy Moorgate Merc.

By Clay Harris

Woodchester Investments is expected to announce on Monday an agreed takeover of Moorgate Mercantile Holdings. Shares in the two leasing groups were suspended yesterday more than a month after negotiations were announced.

Irish-based Woodchester – 53.4 per cent owned by British & Commonwealth – already holds 29.9 per cent of Moorgate. At yesterday's suspension price of 115p, Moorgate had a market value of £30m, compared with Woodchester at nearly £169m.

Mr Julius Silman, Moorgate chairman, has said any offer would have to take account of MMH's "enormous growth potential".

Possible Bennett rival in bid for Wigfalls

BY NIKKI TAIT

A RIVAL bidder may be waiting in the wings for Wigfalls, the loss-incurring Sheffield-based electrical retail group.

Shares in the company rose 36p to 214p yesterday after the company, which has already agreed terms with acquisitive electrical goods retailer Bennett & Fountain, announced that it had received an approach from a third party. This, said Wigfalls statement, may lead to a higher offer being received. Directors were unavailable for comment and Wigalls' advisers, Samnel Montagu, would only add that they believed the third party approach was bone fide. A further announcement will be made as soon as possible.

Bennett & Fountain, however, appears to be in a relatively strong position, either owning or having secured irrevocable undertakings to accept in respect of just over 28 per cent of Wigfalls shares. The irrevocables are believed to cover the stakes held by the Kuwait Investment Office, Robert Fraser and Partners, and part of that owned by the Jivraj family.

The B&F terms, announced nine days ago, are all-paper, and – with B&F np 1p at 40p yesterday – offer 186p for each Wigfalls ordinary share. Yesterday, B&F expressed puzzlement over the identity of its potential rival: "Obviously we've stirred up some interest, bnt it's a question of whether anyone else could get the same benefit out of the deal," said finance director, Mr Stephen Coleman.

One mooted name, however, ruled itself out. According to Rumbelows, the Thorn-EMI subsidiary, any rumours that it might interested "are without foundation".

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. date	1987/88 High	1987/88 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
$71½	F.P.	-	73	71	Assoc. Heritage 5p	71	-1	M2.5	-	4.8	-
$72	F.P.	-	78	70	Atlantic Securities 5p	78					
330	120	-	92	70½	British Petroleum	70½	-½	M12.5	1.5	5.9	14.4
$120	F.P.	-	145	131	Carron Phoenix 10p	143	-2	R3.5	2.7	3.4	14.9
-	F.P.	-	4½	2	EFM Dragon Tst. Wrnts.	4		-	-	-	-
†	F.P.	-	268	231	English & Caledonian Inv.	231		-	-	-	-
†	F.P.	-	125	67	Hard Rock A (R-Vtg) 2p	73	+2	L1.53	3.3	2.8	13.6
$100	F.P.	-	113	100	Hatfield Estates 10p	112		R1.5	10.2	1.8	7.3
85	F.P.	15/1	100	93	Inf. Colour	98		L1.0	7.4	1.4	13.2
†	F.P.	-	41	37	Kunick 10p	37	-½	1.0	2.4	3.7	14.7
†	F.P.	-	38	27	Norton Group 5p	30	+2				
$12	F.P.	23/12	26	19	Pathfinders Grp. 5p	25		M0.29	3.9	1.6	21.8
$114	F.P.	-	121	115	Stylo-Pickwick 10p	118	-1	R3.25	2.0	4.1	11.1
$130	F.P.	-	136	131	Tel Group 1p	131		R4.75	3.0	3.0	9.3
$165	F.P.	-	221	200	Takare £1	220		b1.0	8.1	0.6	22.6
$70	F.P.	-	73	59	Tweedon Hldgs. 10p	62	-1	R2.0	4.6	4.4	6.7
††	F.P.	-	25	18	Versae Intl. 10p	21	-1	b0.35	2.7	2.2	18.8

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987/88 High	1987/88 Low	Stock	Closing Price £	+ or -
-	F.P.	-	110	99½	[illegible] 9pc.Cnv.Sub.Ln.1998	107½	
£91.54	£50	11/2	132p	129p	Blue Circle 7¼pc Cnv.Cum.Red.Pref.	131p	+1
100	F.P.	-	50½	48¼	Brit.&Comm.10pc.Un.Ln.2022	50¼	-¼
‡	F.P.	-	111p	106p	Claygrove 7½pc Cum.Cnv.Red.Prf.£1	111p	+3
100p	Nil	-	130p	113p	Granada 7.5p Cnv.Prf.	130p	+1
100	F.P.	-	11pm	10pm	Grt. Prtlnd. Est. 9½pc Cv.Uns.Ln 2020	11pm	
-	F.P.	-	114	108	Morgan Crucible 7.5pc Net.Cv.Cm.Rd.Pf.	114	+3
-	F.P.	-	100½	99½	[illegible] Anglia 9¼pc 28.11.88	99½	
-	F.P.	-	100¼	99¾	Do. 9¼pc 28.12.88	100¼	
-	F.P.	-	100½	100	Do. 9½pc 23.1.89	100¼	
165p	Nil	-	22pm	6pm	Sharpe & Law 8½pc Cv.Rd.Pf 10p	6pm	-2
100p	F.P.	-	115p	100p	[illegible] Fixed Rate Cnv.Cum.Red.Prf.	115p	+2

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1987/88 High	1987/88 Low	Stock	Closing Price p	+ or -
15	Nil	-	8½pm	6½pm	Versae Intl. 10p	6½pm	-½

[illegible]

Europe listings herald Maxwell growth

BY RAYMOND SNOODY

MR ROBERT MAXWELL, the publisher, said yesterday that the planned listings of Maxwell Communlcation Corporation shares on the Paris and Frankfurt bourses heralded a further expansion of hla group into Europe.

The expansion, said Mr Maxwell, would include acquisitions.

Listings in Paris and Frankfurt would begin on February 5 and there were also plans to have quotes in both Zurich and Amsterdam.

Mr Maxwell, the chairman of MCC, repeated his willingness to match the £88m price paid by Pearson, owner of the Financial Times for Les Echos, the French business daily. The purchase is now being reviewed by the French Government.

At a Paris press conference Mr Maxwell noted tbat the French authorities had become concerned that Mr Rupert Murdoch's 20 per ceot stake in Pearson could mean ownership of one of the leading French business dailies passing into non-European ownership.

"We are prepared to buy at the same price that Madame Beytout sold at (to Pearson)," he said. Madame Jacqueline Beytont, proprietor of Les Echos, has made it clear she is sticking with the deal she has agreed.

Mr Maxwell also said he had discussed a purchase price for the New York Post with Mr Rupert Murdoch but did not give details.

The British publisher also said he would like to increase his stake of about 10 per cent in Elsevier, the Dutch publisher. Last August, he pledged he would not mount a hostile takeover bid for the Dutch company.

However yesterday, he said that, since last October's stock market crash, companies in the US and Europe in which he was interested have become available at much lower prices.

"We intend to take advantage of that," he said.

Mr Maxwell has invested £2m in Israel bonds – the largest-ever investment in the bonds – which are seen as a way for Jewish philanthropists to invest in Israel. Mr Maxwell who is organising a special conference on the holocaust is expected to increase his investment in Israel bonds to £10m.

MONTHLY AVERAGES OF STOCK INDICES

	January	December	November	October
Financial Times				
Government Securities	88.33	88.66	90.71	86.59
Fixed interest	94.71	95.69	95.28	92.23
Ordinary	1419.4	1337.0	1296.0	1,637.3
Gold Mines	285.9	319.1	295.0	408.0
SEAQ Bargains (5 p.m.)	25,235	22,187	31,998	52,039
F.T.-Actuaries				
Industrial Group	923.13	867.7	849.94	1,098.28
500 Share	992.40	931.3	913.07	1,175.47
Financial Group	655.25	608.5	598.39	784.63
All-Share	901.59	844.7	827.92	1,074.51
FT-SE 100	1,767.6	1,674.8	1,647.1	2,196.7

	Jan. High	Jan. Low
Ordinary	1440.1 (18th)	1391.1 (13th)
All-Share	915.8 (29th)	884.7 (13th)
FT-SE 100	1790.8 (29th)	1733.4 (13th)

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JANUARY 28 1988					WEDNESDAY JANUARY 27 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987/88 High	1987/88 Low	Year ago (approx)
Australia (93)	97.97	-1.4	81.46	91.21	4.96	99.38	82.78	92.64	180.81	85.36	101.89
Austria (16)	89.50	+0.1	74.42	77.49	2.70	89.42	74.48	77.49	102.87	85.53	98.38
Belgium (48)	105.74	+0.3	87.92	91.13	5.20	105.39	87.78	90.84	134.89	94.63	106.07
Canada (127)	109.04	-0.3	90.67	100.83	3.17	109.41	91.13	101.29	141.78	98.15	112.02
Denmark (38)	113.68	+0.3	94.53	98.88	2.99	113.32	94.39	98.57	124.83	98.18	123.80
Finland (23)	110.43	-0.6	91.82	94.02	1.81	111.06	92.50	94.71	—	—	—
France (124)	74.13	-0.8	61.64	65.32	4.54	74.69	62.21	65.99	121.82	74.13	111.45
West Germany (94)	68.38	-1.7	56.86	59.22	3.12	69.57	57.94	60.43	104.93	68.38	93.88
Hong Kong (46)	91.49	-0.1	76.07	91.61	5.74	91.59	76.28	91.73	158.68	73.92	100.86
Ireland (14)	112.85	+0.2	93.84	99.76	4.54	112.68	93.85	99.67	160.22	93.50	115.40
Italy (94)	70.39	+0.4	58.53	64.69	2.97	70.14	58.42	64.53	112.11	70.11	102.11
Japan (457)	149.46	+1.7	124.28	120.13	0.58	147.03	122.46	118.50	161.28	100.00	116.44
Malaysia (36)	119.14	+1.2	99.07	117.21	3.19	117.74	98.07	116.02	193.64	93.76	113.43
Mexico (14)	130.92	+0.6	108.86	321.36	1.11	130.16	108.41	316.50	422.59	90.07	114.02
Netherland (37)	96.91	+0.6	80.58	82.78	5.44	96.34	80.24	82.54	131.41	87.70	105.22
New Zealand (24)	73.29	+1.8	60.94	58.06	5.66	72.00	59.97	57.00	138.99	72.00	90.02
Norway (24)	98.55	-3.1	81.94	84.97	3.22	101.66	84.68	87.62	185.01	95.51	109.50
Singapore (26)	105.13	+0.8	87.41	97.76	2.48	104.31	86.88	97.10	174.28	81.21	108.11
South Africa (61)	125.13	-2.4	104.05	79.87	5.22	128.15	106.74	81.20	198.09	100.00	113.64
Spain (43)	136.52	-0.5	113.51	116.97	3.48	137.17	114.25	117.58	168.81	100.00	115.84
Sweden (34)	105.40	+1.1	87.64	93.62	2.66	104.28	86.86	92.71	136.64	88.30	97.55
Switzerland (53)	77.09	+0.2	64.10	64.81	2.56	76.91	64.06	64.89	111.11	73.65	102.25
United Kingdom (329)	131.31	+1.2	109.18	109.18	4.29	129.73	108.06	108.06	167.87	99.55	112.41
USA (588)	103.38	+1.5	85.96	103.38	3.60	101.87	84.85	101.87	137.42	91.21	113.07
Europe (971)	99.91	+0.4	83.08	86.32	3.99	99.54	82.91	85.17	130.02	92.25	106.23
Pacific Basin (682)	145.22	+1.5	120.75	117.83	0.80	143.01	119.11	116.35	158.77	100.00	115.26
Euro–Pacific (1653)	127.11	+1.2	105.70	104.87	1.81	125.64	104.65	103.91	143.65	100.00	111.67
North America (715)	103.68	+1.4	86.21	103.25	3.57	102.27	85.18	101.85	137.55	91.68	113.02
Europe Ex. UK (642)	80.49	-0.5	66.93	70.26	3.68	80.86	67.35	70.73	111.97	78.89	95.87
Pacific Ex. Japan (225)	94.03	-0.6	78.19	88.59	5.08	94.56	78.76	89.15	164.03	82.92	100.65
World Ex. US (1855)	126.48	+1.1	105.17	104.59	1.89	125.12	104.21	103.70	143.38	100.00	111.70
World Ex. UK (2114)	116.19	+1.2	96.61	103.61	2.26	114.78	95.61	102.51	138.82	100.00	112.23
World Ex. So. Af. (2382)	117.48	+1.2	97.68	104.30	2.44	116.03	96.64	103.17	139.47	100.00	112.24
World Ex. Japan (1986)	102.22	+0.9	85.00	96.12	3.79	101.30	84.37	95.31	134.22	92.98	110.25
The World Index (2443)	117.53	+1.2	97.72	104.13	2.46	116.11	96.71	103.03	139.73	100.00	112.24

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).
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Latest prices were unavailable for this edition.
Austrian prices were unavailable January 28.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA-MFI	1,700	Enterprise Oil	1,200	Prudential	298
Allied-Lyons	4,100	Fisons	6,500	Racal	3,400
Amstrad	854	Gen. Accident	645	Rank Org.	559
Argyll Group	737	Gen. Elect	2,100	RMC	247
Assoc. Brit. Foods	332	Glaxo	1,900	RHM	1,400
BAA	1,000	Globe Investment	284	Reckitt & Col.	210
BAT	1,400	Granada	1,200	Redland	410
BET	587	Grand Met	1,200	Reed Intl.	990
BICC	49	GUS A	166	Reuters	658
BOC	355	Guardian R.E.	421	RTZ	2,100
BPB Inds	2,200	GKN	1,200	Rolls-Royce	2,800
BTR	1,400	Guinness	2,500	Rothmans	270
Barclays	882	Hammerson	320	Rowntree	615
Bass	1,000	Hanson Trust	6,400	Ryl Bank Scotland	459
Beecham	3,500	Hawker Sidd	208	Royal Insurance	1,400
Blue Arrow	13,000	Hillsdown Hldgs	1,300	STC	290
Blue Circle	705	IMI	901	Saatchi & Saatchi	748
Boots	1,400	ICI	1,900	Sainsbury	2,900
Brit. Airways	2,100	Jaguar	1,100	Scott & Newcastle	1,300
Brit. Aero	1,100	Ladbroke	982	Sears	929
Brit. & Comm.	248	Land Securities	1,000	Sedgwick	1,000
British Gas	3,400	Laporte	84	Shell Trans	617
Britoil	1,600	Legal & Gen.	2,300	Smith & Nephew	620
BP	2,100	Lloyds Bank	612	Standard Chart.	535
Brit. Telecom	5,700	LASMO	872	Storehouse	808
Bunzl	2,300	Lonrho	6,100	Sun Alliance	295
Burmah Oil	126	Lucas	355	T & N	2,900
Burton	2,000	MEPC	308	TSB	658
Cable & Wire	9,200	Marks & Spencer	2,700	Tarmac	3,650
Cadbury Schwps	611	Maxwell Comm.	571	Tesco	1,400
Coats Viyella	2,350	Metal Box	755	Thorn EMI	581
Comm. Union	1,600	Midland Bank	3,100	Trafalgar House	2,900
Cons. Gold	2,600	NatWest Bank	755	T'house Forte	2,600
Cookson	286	Next	1,100	Ultramar	2,400
Courtaulds	399	Northern Foods	879	Unilever	1,400
Dalgety	546	Pearson	324	United Biscuits	418
Dee Corpn	3,800	Pearl Assurance	481	Wellcome	1,100
Dixons Group	3,000	P & O	1,200	Whitbread A	2,300
English China Clays	317	Pilkington Bros	1,500	Woolworth	1,000
		Plessey	880		

ECONOMIC DIARY

TODAY: SDP Council for Social Democracy debates merger with Liberal Party in Sheffield.

TOMORROW: Labour Party local government conference in Edinburgh. Ecuador general election. Finnish presidential elections.

MONDAY: European Community general affairs ministers hold informal meeting in Brussels. Ford Motor Company's manual workers expected to strike over pay and conditions. Mr Robin Leigh Pemberton, Governor of the Bank of England, attends Overseas Bankers dinner at the Guildhall. Mr John Moore, Health Secretary, to meet Royal College of Nursing representatives. Union Carbide appeal against Bhopal court order to pay US$270m interim compensation to gas leak victims.

TUESDAY: UK official reserves (January). Capital issues and redemptions (January). National Union of Mineworkers hold special delegate conference on industrial action in London. Mr John Moore meets TUC on health dispute in London. European Community internal market council meeting in Brussels. Dr Helmut Kohl, West German Chancellor, to meet Mrs Margaret Thatcher, Prime Minister, in London. Mr Gerhard Stoltenberg, West German Finance Minister, to visit Washington for talks with Mr James Baker, US Treasury Secretary, and Mr Allan Greenspan, chairman of the Federal Reserve. 40-nation disarmament conference opens three-month session in Geneva with attention focussed on a chemical weapon ban.

WEDNESDAY: Advance energy statistics (December). Nurses' strike and day of action. Mr Kenneth Baker, Education Secretary, attends Institute of Directors' seminar in London.

THURSDAY: Detailed analysis of employment, unemployment, earnings, prices and other indicators. Deadline for Britoil takeover bid by BP.

FRIDAY: Engineering indices of production and orders (November). Housing starts and completions.

FT – ACTUARIES INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS	Friday January 29 1988						Thu Jan 28	Wed Jan 27	Tue Jan 26	Year ago (approx)	Highs and Lows Index			
												1987/88		Since Compilation	
	Figures in parentheses show number of stocks per section	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Index No.	Index No.	Index No.	Index No.	High	Low	High	Low
1	CAPITAL GOODS (209)	748.42	+0.5	9.63	3.88	13.02	1.05	744.42	737.40	742.72	769.87	1038.87 16/7 /87	628.87 10/11/87	1038.87 16/7 /87	50.71 13/12/74
2	Building Materials (30)	997.22	+1.3	9.04	3.78	12.64	0.43	984.15	975.94	988.84	939.24	1381.08 16/7 /87	798.83 4 /12/87	1381.08 16/7 /87	44.27 11/12/74
3	Contracting, Construction (34)	1489.68	+0.7	9.01	3.34	14.74	0.38	1479.43	1469.30	1463.19	1323.71	1951.50 16/7 /87	1115.39 10/11/87	1951.50 16/7 /87	71.48 2 /12/74
4	Electricals (12)	2078.54	+0.3	8.97	4.65	14.43	0.00	2073.18	2043.33	2044.35	1940.19	2733.45 28/7 /87	1661.76 10/11/87	2733.45 28/7 /87	84.71 25/6 /62
5	Electronics (32)	1517.78	+0.6	10.65	3.48	12.25	6.09	1509.21	1484.59	1511.27	1723.11	2236.70 17/7 /87	1375.66 1 /12/87	2236.70 17/7 /87	1229.81 8 /10/85
6	Mechanical Engineering (57)	398.66	+0.2	9.56	4.26	13.20	0.19	389.98	387.49	389.24	436.94	544.57 14/10/87	296.26 10/11/87	544.57 14/10/87	45.43 5 /1 /75
8	Metals and Metal Forming (7)	442.64	+0.5	9.72	3.79	12.40	0.00	440.24	437.23	438.64	398.73	596.67 9 /10/87	348.64 9 /11/87	596.67 9 /10/87	49.65 5 /1 /75
9	Motors (13)	278.72	—	10.88	4.17	10.70	0.00	278.58	275.84	276.30	308.05	411.42 13/10/87	221.49 4 /12/87	411.42 13/10/87	19.91 6 /1 /75
10	Other Industrial Materials (24)	1250.93	+0.1	8.33	4.15	14.25	2.67	1249.75	1242.55	1255.69	1276.06	1736.80 22/9 /87	1051.78 10/11/87	1736.80 22/9 /87	277.55 15/1 /81
21	CONSUMER GROUP (184)	1053.45	+0.5	8.43	3.48	15.14	0.42	1049.99	1041.73	1039.75	1038.44	1406.32 16/7 /87	919.77 9 /11/87	1406.32 16/7 /87	61.41 13/12/74
22	Brewers and Distillers (21)	996.11	+1.3	11.17	3.95	11.36	0.02	983.25	983.21	981.03	981.48	1269.35 16/7 /87	877.37 9 /11/87	1269.35 16/7 /87	69.47 13/12/74
25	Food Manufacturing (23)	862.23	+0.6	8.86	3.74	14.58	1.06	856.92	852.79	855.13	799.77	1092.25 16/7 /87	726.65 9 /11/87	1092.25 16/7 /87	59.67 11/12/74
26	Food Retailing (16)	2087.33	+0.1	7.64	3.04	17.62	4.19	2084.61	2075.67	2088.56	1956.35	2649.96 16/7 /87	1848.05 10/11/87	2649.96 16/7 /87	54.25 11/12/74
27	Health and Household Products (10)	1835.62	+0.9	6.39	2.45	18.66	0.03	1819.20	1802.87	1775.13	1914.62	2699.85 16/7 /87	1590.82 10/11/87	2699.85 16/7 /87	175.38 28/5 /80
29	Leisure (31)	1216.83	+0.7	7.57	3.87	16.45	0.00	1208.22	1193.54	1180.13	1182.09	1504.79 13/10/87	943.87 9 /11/87	1504.79 13/10/87	54.83 9 /1 /75
31	Packaging & Paper (16)	501.23	+1.1	8.52	3.66	15.44	0.46	496.54	495.10	496.04	563.83	739.48 16/7 /87	427.56 10/11/87	739.48 16/7 /87	43.46 6 /1 /75
32	Publishing & Printing (16)	3490.70	+0.2	6.53	4.23	19.26	4.11	3484.41	3432.35	3421.23	3261.59	5070.66 5 /10/87	2713.49 2 /1 /87	5070.66 5 /10/87	55.08 5 /1 /75
34	Stores (34)	850.92	-1.0	8.97	3.61	14.96	0.25	859.85	846.82	847.43	870.19	1160.58 29/7 /87	749.46 5 /12/87	1160.58 29/7 /87	52.63 6 /1 /75
35	Textiles (17)	563.76	-0.6	11.23	4.01	10.27	0.00	567.58	569.41	593.65	635.49	914.52 2 /10/87	515.17 10/11/87	914.52 2 /10/87	62.66 11/12/74
40	OTHER GROUPS (92)	879.78	+1.0	10.46	4.20	11.92	0.57	871.07	864.30	866.73	884.97	1192.48 8 /10/87	759.10 10/11/87	1192.48 8 /10/87	58.63 5 /1 /75
41	Agencies (19)	1104.09	+0.6	6.61	2.20	19.38	0.61	1097.79	1092.99	1096.43	1226.37	1795.57 17/7 /87	870.35 4 /12/87	1795.57 17/7 /87	870.35 4 /12/87
42	Chemicals (20)	1058.68	+0.5	9.65	4.42	12.73	3.22	1053.08	1048.79	1056.32	1156.55	1545.46 5 /10/87	920.61 10/11/87	1545.46 5 /10/87	71.20 1 /12/74
43	Conglomerates (13)	1181.05	-0.2	10.15	4.49	11.47	0.00	1183.83	1165.13	1163.90	1125.86	1547.81 8 /10/87	975.19 10/11/87	1547.81 8 /10/87	975.19 10/11/87
45	Shipping and Transport (11)	1868.19	+0.3	8.95	4.39	14.65	0.00	1862.56	1847.17	1842.24	1715.67	2497.85 16/7 /87	1535.32 9 /11/87	2497.85 16/7 /87	90.80 29/6 /62
47	Telephone Networks (2)	941.69	+2.9	11.43	4.49	11.64	0.00	915.36	903.24	913.19	898.15	1274.14 9 /6 /87	813.48 7 /12/87	1274.14 9 /6 /87	517.92 30/11/84
48	Miscellaneous (27)	1170.85	+0.4	12.89	4.05	9.25	0.16	1166.95	1170.81	1153.42	1214.70	1773.70 5 /10/87	1039.40 10/11/87	1773.70 5 /10/87	60.39 6 /1 /75
49	INDUSTRIAL GROUP (485)	937.38	+0.6	9.30	3.78	13.57	0.76	932.11	924.43	925.73	938.86	1268.86 16/7 /87	804.87 10/11/87	1268.86 16/7 /87	59.01 13/12/74
51	Oil & Gas (15)	1784.23	-0.3	9.31	5.51	13.24	0.00	1788.75	1737.29	1742.40	1611.71	2458.68 16/7 /87	1487.60 2 /12/87	2458.68 16/7 /87	87.23 29/5 /62
59	500 SHARE INDEX (500)	1009.17	+0.4	9.38	4.04	13.52	0.70	1004.73	993.33	994.86	995.73	1369.88 16/7 /87	867.65 10/11/87	1369.88 16/7 /87	63.49 13/12/74
61	FINANCIAL GROUP (124)	663.94	+0.5	—	4.75	—	0.21	660.40	657.70	660.25	651.73	896.67 13/10/87	565.33 10/11/87	896.67 13/10/87	55.88 13/12/74
62	Banks (8)	667.51	+0.1	19.84	5.88	6.66	0.00	667.85	665.49	671.67	714.91	898.38 16/7 /87	537.39 4 /11/87	898.38 16/7 /87	62.44 13/12/74
65	Insurance (Life) (8)	1008.12	+1.6	—	4.56	—	0.00	992.54	986.83	981.61	984.73	1285.72 9 /10/87	821.55 9 /11/87	1285.72 9 /10/87	44.88 2 /1 /75
66	Insurance (Composite) (7)	517.73	+0.9	—	5.32	—	0.00	513.05	509.38	509.35	495.50	787.58 13/10/87	448.44 1 /12/87	787.58 13/10/87	43.96 13/12/74
67	Insurance (Brokers) (8)	902.10	—	12.30	6.38	10.41	0.00	901.48	895.23	934.56	1197.64	1399.56 17/7 /87	789.92 9 /11/87	1399.56 17/7 /87	65.86 16/12/74
68	Merchant Banks (11)	352.40	+0.5	—	4.05	—	0.00	350.63	345.73	346.74	384.13	547.59 12/10/87	306.65 10/12/87	547.59 12/10/87	31.21 7 /1 /75
69	Property (52)	1032.59	+0.5	5.14	2.97	24.85	0.32	1026.21	1022.08	1020.39	829.98	1374.86 16/7 /87	805.82 5 /1 /87	1374.86 16/7 /87	56.01 20/4 /65
70	Other Financial (30)	390.45	+0.2	9.37	4.33	13.47	1.10	389.62	391.42	392.81	406.32	603.48 16/7 /87	339.79 1 /12/87	603.48 16/7 /87	33.29 17/12/74
71	Investment Trusts (86)	848.49	+1.0	—	3.01	—	0.81	840.23	838.42	842.93	917.77	1287.90 5 /10/87	726.15 10/11/87	1287.90 5 /10/87	71.12 13/12/74
81	Mining Finance (2)	419.02	-1.3	10.85	4.07	10.38	0.00	424.51	423.98	428.16	370.35	727.93 5 /8 /87	336.91 10/11/87	727.93 5 /8 /87	66.31 30/9 /74
91	Overseas Traders (8)	1032.06	+0.5	10.10	5.24	11.73	0.00	1026.11	1008.64	1002.03	832.75	1364.12 13/10/87	778.26 2 /1 /87	1364.12 13/10/87	97.37 6 /1 /75
99	ALL-SHARE INDEX (720)	915.84	+0.5	—	4.13	—	0.57	911.70	902.73	904.39	903.29	1238.57 16/7 /87	784.81 10/11/87	1238.57 16/7 /87	61.92 13/12/74
		Index No.	Day's Change	Day's High	Day's Low	Jan 28	Jan 27	Jan 26	Jan 25	Jan 22	Year ago				
	FT-SE 100 SHARE INDEX ♦	1790.8	+6.9	1793.3	1787.8	1783.9	1765.2	1767.3	1762.2	1778.9	1808.3	2443.4 16/7 /87	1565.2 9 /11/87	2443.4 16/7 /87	986.9 23/7 /84

FIXED INTEREST

	PRICE INDICES	Fri Jan 29	Day's change %	Thu Jan 28	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	123.29		123.29	–	1.08
2	5-15 years	140.29	+0.09	140.16	–	1.31
3	Over 15 years	150.26	+0.02	150.23	–	0.00
4	Irredeemables	166.15	-0.10	166.32	–	0.00
5	All stocks	137.29	+0.05	137.22	–	1.03
	Index-Linked					
6	5 years	124.99	+0.04	124.94	–	0.00
7	Over 5 years	115.21	+0.18	115.01	–	0.36
8	All stocks	115.85	+0.16	115.66	–	0.33
9	Debentures & Loans	118.29	-0.03	118.32	–	0.63
10	Preference	87.31	+0.16	87.16	–	0.33

	AVERAGE GROSS REDEMPTION YIELDS		Fri Jan 29	Thu Jan 28	Year ago (approx.)	1987/88 High	1987/88 Low
	British Government						
1	Low	5 years	8.71	8.71	9.31	9.92 19/10/87	7.52 11/5 /87
2	Coupons	15 years	9.21	9.22	9.85	10.27 19/10/87	8.53 8 /5 /87
3		25 years	9.12	9.12	9.86	10.08 2 /1 /87	8.55 8 /5 /87
4	Medium	5 years	9.26	9.24	10.33	10.80 2 /1 /87	8.39 8 /5 /87
5	Coupons	15 years	9.42	9.41	10.14	10.51 19/10/87	8.74 8 /5 /87
6		25 years	9.32	9.29	9.96	10.24 19/10/87	8.75 8 /5 /87
7	High	5 years	9.33	9.32	10.37	10.84 2 /1 /87	8.58 8 /5 /87
8	Coupons	15 years	9.56	9.56	10.29	10.67 19/10/87	8.86 8 /5 /87
9		25 years	9.33	9.31	10.02	10.31 19/10/87	8.72 8 /5 /87
10	Irredeemables †		9.06	9.05	9.81	10.30 19/10/87	8.41 9 /11/87
	Index-Linked						
11	Inflation rate 5%	5yrs.	2.36	2.35	3.55	4.03 19/10/87	2.03 20/5 /87
12	Inflation rate 5%	Over 5 yrs.	3.94	3.95	3.74	4.63 19/10/87	3.30 6 /4 /87
13	Inflation rate 10%	5 yrs.	1.42	1.48	1.96	4.14 19/10/87	0.85 24/3 /87
14	Inflation rate 10%	Over 5 yrs.	3.77	3.78	3.58	4.65 19/10/87	3.17 27/3 /87
15	Debs &	5 years	10.81	10.81	11.02	11.86 20/10/87	9.46 12/6 /87
16	Loans	15 years	10.76	10.76	10.98	11.67 20/10/87	9.79 23/3 /87
17		25 years	10.76	10.76	10.94	11.49 20/10/87	9.84 23/3 /87
18	Preference †		10.40	10.42	11.45	11.83 2 /1 /87	10.05 22/6 /87

♦Opening index 1789.1; 10 am 1791.2; 11 am 1789.7; Noon 1791.0; 1 pm 1788.3; 2 pm 1788.6; 3 pm 1792.0; 3.30 pm 1790.9; 4 pm 1791.3

CONSTITUENT CHANGES: Freemans(34) has been deleted and replaced by Anglia Secure Homes(3).

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p

Tim Dickson and John Wyles on the fight for La Générale

Leysen claims the old lady's hand

"IF THE voting rights are restored, then we are the clear winners; if the decision goes the other way then we shall accept defeat," declared Mr André Leysen, the rugged financier from Antwerp who has raised his standard in defence of Belgium's largest and most celebrated holding company, Société Générale de Belgique.

But whether Mr Leysen and his allies can thwart Mr Carlo De Benedetti's attempt to become the controlling shareholder in Société Générale appears to hang on a decision expected form the Brussels Commercial Court next Wednesday.

If the court rules that the company's bid to dilute the De Benedetti holding by placing 12m new shares in friendly hands is legal, Mr Leysen could be holding 34 per cent of its equity, compared with Mr De Benedetti'a 18.6 per cent. If, by contrast, the De Benedetti challenge to the legality of the move is sustained, the Leysen initiative crumbles.

Flushed with his success at having secured pledges totalling BFr30bn ($860m) to purchase the new issue, Mr Leysen yesterday appealed to the Italian financier in an interview to abandon his court challenge and to sit down with him to chart a new future for "the old lady" of Belgian companies.

With his financing lined np, Mr Leysen said that he could now talk to Mr De Benedetti "on equal terms" – a satisfaction he did not have when he met his rival last Monday.

"What I am saying to De Benedetti is to accept realities and to forget the juridical fight. We are two blocks, let's talk together. We don't want to dominate, we want to sit around a table and see where the synergies come from. Why can't we work together? The one thing we cannot accept is that there is only one shareholder with a say in Société Générale."

While a "convinced European," Mr Leysen is unashamed in his view that Société Générale, with its holdings in 1,200 different companies, is too mnch of a strategic national interest to be allowed to fall into foreign hands.

"There must be a Belgian anchorage in view of the tremendous importance of this company in Belgian life," ha said. With its interests in public services, oil, banking and so much else, it was important that there should be a "responsible Belgian shareholders' group to protect these vital things."

Andre Leysen: acting in the Belgian national interest

At the same time, the 59-year-old formar president of Agfa Gavaert – control of which was sold by Gevaert to Bayer in 1981 – appears infected by Mr De Benedetti's idea that Société Géoérale should become a European holding company. "Brussels is the heart of Europe and this company can be made a truly European holding, so we have to combine Belgian vital interests with its European vocation."

If the Commercial Court clears the way, the Leysen group's holding in Société Générale would be shared between a core alliance of five companies: Leysan's own financial holding company, Gevaert; two insurance companies, Assurantie Van De Belgische Boerenbond and Royale Belge; Ibel, the Flemish holding company; and Cobepa, the Belgian arm of France's Paribas group.

Mr Leysen sounded full of confidence yesterday that Mr De Benedetti would be forced to deal with him – always assuming, of course, that the court decision want his way.

Texaco in $4.4bn loss after write-offs

By Janet Bush in New York

TEXACO, the US oil company driven to bankruptcy by a long-running legal dispute with Pennzoil, yesterday confirmed it was writing off $4.9bn against the value of its assets to settle the dispute and restructure its operations.

The company announced a net loss of $4.41bn for 1987, compared with a profit of $725m or $3.01 a share the previous year. Its fourth-qnarter loss, which reflected an after-tax charge of $2.8bn to cover a special payment to Pennzoil, and another $2.1bn to cover the loss in value of various assets in the course of the bankruptcy proceedings, totalled $4.76bn compared with a profit of $50m or 21 cents a share a year earlier.

Revenues in the three months ended December were $9.4bn compared with $7.8bn a year earlier, while revenues for the full year rose to $35.3bn from $32.6bn in 1986.

Foreign currency translation gains, net of income taxes, totalled $48m during the fourth quarter compared with gains of $31m in the final three months of 1986.

Mr James Kinnear, chief executive, said operating earnings, excluding the special charges in the fourth qnarter, had improved steadily throughout 1987, and that the final quarter's performance represented a substantial improvement from depressed earnings a year earlier.

The future of the company remained unclear, Mr Kinnear said. Restructuring plans already under way would accelerate as soon as the Pennzoil litigation and bankruptcy proceedings were wrapped up. However, the role of Mr Carl Icahn, Texaco's largest shareholder, who controls a 14.8 per cent stake, remained pivotal.

Mr Icahn said late on Thursday, in a filing to the Securities & Exchange Commission, that he may form a partnership or join with a group of investors to buy more Texaco shares. He also said he was considering forming a slate of nominees to stand for five Texaco board seats up for re-election this year.

During 1987, Texaco's US exploration and production results improved compared with the previous year, reflecting reduced operating and exploratory expenses and higher crude oil prices. These positive influences were, however, partially offset by lower oil production.

Fiat shows progress with sharp profit rise

BY DAVID LANE IN MILAN

FIAT, ITALY'S largest private sector company, has confirmed significant progress made last year by announcing a sharp rise in operating profit to L3,220bn ($2.62bn) from L2,457bn in 1986.

Mr Giovanni Agnelli, chairman, said the company – which this week launched its Tipo range of small family cars – obtained important ecooomic and financial results during the year and consolidated its competitive position both in Italy and abroad.

Mr Agnelli said that Fiat group turnover amounted to L38,100bn, an increase of 30 per ceot on 1986. Excluding new acquisitions, which included Alfa Romeo and Snia BPD, whose financial statements were not consolidated in 1986, turnover was about 10 per cent higher.

Despite the presence of new activities with lower profitability than other parts of the group, operating profit was unchanged at 8.4 per cent of turnover.

Mr Agnelli drew attention to the strong performance in the car sector, further improvement in industrial vehicles and progress with components and high technology.

Cars generated consolidated sales of L21,618bn, against L16,384bn in 1986, though this did not include Alfa Romeo. The Fiat group sold 2.04m cars last year and its share of the European market rose from 14.1 to 14.3 per cent.

Its share of the Italian market, where sales rose by 75,000 units, was steady at 60 per cent. Mr Agnelli highlighted the performance at Lancia which recorded a volume increase of 13.5 per cent.

In a reference to Alfa Romeo, the Fiat chairman noted that programmes to resolve serious problems of productivity and industrial organisation were well advanced. He said the Alfa Romeo 164 model, launched at the end of last year, significantly reinforced the group in the top segment of the market.

Improvements were made at Fiat's truck and bus subsidiary. Consolidated turnover was L6,700bn compared with L5,470bn in 1986. Iveco's sales volumes were 25 per cent higher at 117,800 units.

Mr Agnelli referred to the achievement of the joint venture between Iveco and Fiat UK in consolidating its position in the British market.

Investment by Fiat amounted to L3,200bn last year, against L2,879bn in 1986. In addition the group spent L1,350bn on research and development, against L955bn in 1986, which was charged directly to the profit and loss account.

The group generated L4,350bn of finance internally. The letter says this confirms Fiat's capacity to sustain a high rate of growth, both through investment and new acquisitions.

In spite of the purchase of Alfa and Snia, which lifted net debt to L2,700bn at the beginning of last year, by the end of the December this had been reduced to about L150bn.

NZ broker voluntarily ceases trade

By Dai Hayward in Wellington

FRANK RENOUF and Company, one of New Zealand's best-known stockbroking firms, has voluntarily ceased trading. It told the stock exchange the decision was made in the light of the current state of the market and the economic climate.

Mr Paul Martin, general manager, said the company could honour all its obligations. All buying orders for shares would be carried through and the company was not in default. However, it believed it was prudent to cease operations at this stage. It could resume trading at some future date.

The company was founded by Sir Francis Renouf. It has offices in Wellington, Auckland and the provincial city Tauranga. A separate Sydney company of the same name is not affected by the closure.

The news that one of Wellington's biggest brokers had ceased trading rocked the financial community yesterday. It was the second in a week and the sixth to stop business since Christmas. MB Stockbrokers ceased trading on Wednesday and said it was holding discussions with the Wellington Stock Exchange on its financial viability.

NMB job cuts

Nederlandesche Middenstandsbank will save about Fl 35m ($18.7m) in a full year from its plan to cut 350 jobs, not Fl 350m as appeared in the Financial Times on Tuesday. The mistake was due to a transmission error.

North Broken Hill ahead

BY OUR FINANCIAL STAFF

NORTH BROKEN HILL, which is planning a merger with Peko Wallsend, another Australian mining company, has produced an 8.7 per cent rise in interim net profits to A$40.27m (US$28.76m).

The equity-accounted result for the 24 weeks to December 16 compares with A$37.03m last time and excludes extraordinary credits of A$18.97m against a A$12m loss. Turnover was up 10.5 per cent to A$597.5m.

North BH earned A$10.48m from its 30 per cent owned Energy Resources of Australia, but had to show A$13.11m received in dividends as a loss, under an accounting rule in which associates' dividends cannot exceed profits.

Peko, which owns the same amount of ERA, reported similar earnings from the uranium producer earlier this week. Stock exchange authorities criticised Peko for effectively releasiog details of ERA's earnings before that company had itself reported.

Mr Peter Wade, North's managing director, said yesterday that he expected Sir Ron Brierley's Industrial Equity to accept North's bid for IEL's stake of 19.9 per cent in Peko, accepting instead about 6 per cent of tha merged company.

North holds almost 23 per cent of Peko, and Mr Wade said he was not worried about this prospect or that Mr John Elliott's Elders Resources would gain about 11 per cent through its merger with NZ Forest Products, which holds nearly 15 per cent of North.

Mr Wade argued that his company's latest results, taken together with the A$46.88m in first-half net profits reported by Peko on A$529.15m sales, indicated that the merger would have a solid base.

● **Delta Gold**, a precious metals explorer with activities in Australia and Zimbabwe, is joining with Peko to combine mining interests at Kanowna, Western Australia, in a venture expected to produce np to 40,000 oz gold annually from late this year. Reserves are indicated at 1.62m tonnes graded at 2.97 grams per tonne.

Allegis plans to buy back 63% of its stock

BY OUR FINANCIAL STAFF

ALLEGIS, the Chicago-based holding company for United Airlines, is to go ahead with a key element of its restructuring by tendering for about 35.5m of its shares at $80 apiece in cash.

The shares represent about 63 per cent of Allegis' outstanding commoo stock and at $80 would cost the company $2.84bn to buy in.

Earlier last week Coniston Partners, the company's largest shareholder, threatened to wage a proxy fight against the board if it backed oot of a commitment to pass on its restructuring proceeds to shareholders.

Allegis said Coniston had agreed not to raise its stake in the company from the current 14 per cent, and to offer its shares to the self-tender.

Allegis said it reserved the right to pay a portion of the $80 tender with a note or debenture bearing a market rate of interest, designed to trade at par, if it had not found financing by March 31 to pay the full amount in cash.

On Thursday, Allegis announced a fourth-quarter net loss of $80m from continuing operations, against a $23m profit a year earlier.

Modest rise by Kvaerner to NKr300m

By Karen Fossli in Oslo

KVAERNER INDUSTRIER, the Norwegian industrial group, reported only a slight increase in profits for 1987 to NKr300m ($47.4m) on sales of NKr5.6bn, compared with NKr275m in 1986 on sales of NKr5.5bn.

The group's order intake for last year reached NKr7.5bn compared with NKr5.2bn.

Last year it established Kvaerner Shipping, a subsidiary which owns and manages 24 liquefied natnral gas (LNG) tankers.

Fruehauf in French-led buyout

BY GEORGE GRAHAM IN PARIS

FRUEHAUF, tbe US-based trucks and trailers group, is to spin off its European manufacturing operations in a FFr722m ($129m) management buy-out.

All Fruehauf's European trailer manufacturing operations will be reorganised under a new holding company, Société Européenne de Semi-Remorques or Eurotrailer, based in France.

French financial institutions led Banexi, the merchant banking arm of Banque Nationale de Paris, and Clinvest, part of the Crédit Lyonnais, will take 45 per cent of the new company. A further 15 per cent of Eurotrailer will be owned by 18 senior executives of the group, led by Mr Jean Gaschard, its managing director.

Fruehauf, which was itself the object of a $1.8bn management buy-ont led by Merrill Lynch in December 1986, will keep a 40 per cent stake in Eurotrailer, but the operation allows it to remove about $100m of debt from its balance sheet.

The bny-out includes Fruehauf France, Crane Fruehauf in the UK, Ackermann Fruehauf in West Germany and Netam Fruehauf in the Netherlands, as well as representation through licensees in Spain, Italy, Yugoslavia and Turkey.

The new group, with sales of FFr3.13bn in the year ended October 31 and operating profits of FFr100.8m, is the leading European manufacturer of road haulage trailers with a 30 per cent market share.

The three groups of investors will put FFr90m into Eurotrailer, which will in turn pay FFr443.7m for Fruehanf's trallar manufacturing operations as well as for Trailor, another French trailer producer in which Banexi was a substantial shareholder. Eurotrailer will alao assume FFr279m of debt.

Besides its equity participation of FFr40.5m the bank consortium will provide FFr50m of convertible loans and FFr240m of credit facilities.

The Fruehauf operation is one of the largest management buy-outs yet to take place in France.

Charles Batchelor adds: Last May Freuhauf sold Rentco, its European trailer rental subsidiary, to its management team in a buy-out worth £43m ($76.8m).

The trailer rental operations, renamed Rentco International, are headquartered in Britain and are headed by Mr Sandy Aranyos, formerly president of Fruehauf's Detroit-based trailer rental business.

Hoechst expects to pay special bonus dividend

BY ANDREW FISHER IN FRANKFURT

HOECHST, the West German chemical group, has said shareholders were likely to receive an increased dividend, with the inclusion of a special-anniversary bonus

Provisional results showed that 1987 had been a good year, the company said. It gave no figures, but Mr Wolfgang Hilger, the chairman, said this week that world turnover and profits had risen by about 10 or 11 per cent.

At the nine-months stage, the group reported a 9.3 per cent jump in pre-tax profits to DM2.2bn ($1.32bn). But without the inclusion of Celanese, its recent US acquisition, the profits would have been flat.

Hoechst said yesterday that an unchanged DM10 dividend for last year was "possible," as was a bonus payment of DM1 to mark the 125th anniversary.

$45m charge at Greyhound

GREYHOUND, the US consumer prodncts, bus manufacturing and financial services group, is to take a $45m after-tax charge against fourth-quarter results following its decision to discontinue operations of its Verex mortgage insurance nnit, **writes Our Financial Staff.**

Greyhound said Verex, which had suspended writing new policies, would not resume policy writing, and Greyhound would consider tha sale of Verex's operations to its management or another party.

WORLD COMMODITIES PRICES

LONDON MARKETS

A BASICALLY firm performance on the London coffee futures market was interrupted yesterday on disappointment that the International Coffee Organisation had decided against a further cut in export quotas. The March position dipped to £1,194 a tonne early in the afternoon after the news, but it quickly bounced back, encouraged by a stronger opening in New York and a firmer dollar, to close £7 up on the day at £1,210 a tonne. Although few traders had really expected a cut some had bought coffee futures earlier in the week just in case. Cocoa prices remained depressed in spite of the ICCO buffer stock manager taking another 3,000 tonnes off the market. On the LME the chief feature of the week was the strength of nickel, which continued to work back towards the record highs reached last month. From Monday the LME nickel contract will begin trading in dollars.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.35-5.40z	+0.025
Brent Blend	$16.20-6.30y	+0.10
W.T.I.(1 pm est)	$16.92-6.97z	+0.12

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$158-160	-1
Gas Oil (Soviet)	$137-139	
Heavy Fuel Oil	$70-72	-0.5
Naphtha	$150-153	-0.5
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$456.25	-10.25
Silver (per troy oz)♣	662c	-12
Platinum (per troy oz)	$468.75	-7.50
Palladium (per troy oz)	$116.25	-2.75
Aluminium (free market)	$1950	+10
Copper (US Producer)	120¾-120c	-2.5
Lead (US Producer)	40c	
Nickel (free market)	385c	-5
Tin (European free market)	£3850	
Tin (Kuala Lumpur market)	17.25r	+0.08
Tin (New York)	315.50c	-1.80
Zinc (Euro. Prod. Price)	$880	
Zinc (US Prime Western)	44.75c	
Cattle (live weight)†	103.32p	-0.75*
Sheep (dead weight)†	151.73p	+0.96*
Pigs (live weight)†	62.84p	+0.79*
London daily sugar (raw)	$255.80w	-5.40
London daily sugar (white)	$252.50w	-6.50
Tate and Lyle export price	£253.00	-2.00
Barley (English feed)	£111.25y	+0.25
Maize (US No. 3 yellow)	£134.00v	-2.00
Wheat (US Dark Northern)	£96.00u	+0.50
Rubber (spot)Ψ	63.00p	-0.25
Rubber (Mar) Ψ	67.50p	-0.25
Rubber (Apr) Ψ	67.50p	-0.25
Rubber (KL RSS No 1 Feb)	279.00m	-1.50
Coconut oil (Philippines)§	$555.00v	
Palm Oil (Malaysian)§	$455.00	
Copra (Philippines)§	$370.00	-5
Soyabeans (US)	£151.00y	
Cotton "A" index	69.05c	-0.55
Woottops (64s Super)	523p	+4

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. w-Feb/Mar. v-Jan/Feb. z-Mar. y-Feb. u-Apr/May. x-Mar/Apr.† Meat Commission average fatstock prices. * change from a week ago. Ψ London physical market. § CIF Rotterdam. ♣ Bullion market close. m-Malaysian/Singapore cents/kg

COCOA £/tonne

	Close	Previous	High/Low
Mar	1080	1079	1092 1073
May	1099	1099	1113 1095
Jly	1120	1121	1133 1115
Sep	1139	1137	1150 1135
Dec	1160	1159	1172 1155
Mar	1183	1180	1121 1179
May	1203	1200	1202 1199

Turnover:5320 (4548) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for January 28: 1369.79 (1383.43) .10 day average for January 28: 1441.91 (1447.87).

COFFEE £/tonne

	Close	Previous	High/Low
Jan		1167	1179 1164
Mar	1210	1203	1210 1194
May	1235	1229	1235 1210
Jly	1256	1252	1255 1244
Sep	1275	1274	1275 1270
Nov	1285	1295	1297 1287
Jan	1320	1310	

Turnover: 5547 (2821) lots of 0 tonnes
ICO indicator prices (US cents per pound) for January 28: Comp. daily 1979 115.61 (115.86); 15 day average 115.13 (115.11).

SUGAR $ per tonne

Raw	Close	Previous	High/Low
Mar	216.00	225.40	227.80 216.00
May	214.40	219.60	222.00 211.40
Aug	213.00	213.00	216.00 209.80
Oct	211.00	212.40	216.40 206.80
Dec	212.00	212.80	
Mar	210.80	211.00	213.00 207.00
May	210.00	215.00	
White	**Close**	**Previous**	**High/Low**
Mar	248.00	254.00	253.00 250.00
May	248.00	254.00	254.50 246.00
Aug	250.00	255.00	257.00 256.00
Oct	249.00	255.00	255.20 250.00
Dec	250.00	257.00	
Mar	253.60	258.00	257.50 257.00
May	254.00	258.50	

Turnover: Raw 4883 (5846) lots of 50 tonnes; White 825 (2048).
Paris- White (FFr per tonne): Mar 1435, May 1440, Aug 1455, Oct 1480, Dec 1485, Mar 1485.

GAS OIL $/tonne

	Close	Previous	High/Low
Feb	138.50	139.00	140.50 138.50
Mar	138.00	138.25	140.00 137.75
Apr	135.50	136.25	137.50 136.50
May	133.50	134.00	136.50 133.50
Jun	135.00	136.00	137.25 135.00
Jly	135.50	136.25	136.75 135.50

Turnover: 2552 (5888) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Mar	109.75	110.95	110.50 109.70
May	111.80	113.00	112.55 111.70
Jly	114.00	115.30	114.80 114.80
Sep	103.10	102.70	103.25 103.10
Nov	104.95	104.60	105.00 104.75
Jan	107.45	107.10	107.50 107.45
Barley	**Close**	**Previous**	**High/Low**
Mar	107.05	107.75	107.25 107.05
May	108.15	108.20	108.15 107.80
Sep	97.65	97.45	
Nov	100.50	100.10	
Jan	102.65	102.25	

Turnover: Wheat 374 (340) , Barley 17 (99) lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 1,250 tonne
Cash	1935-45	1910-20		1945-60		
3 months	1830-40	1820-30		1835-50	1840-50	2,989 lots
Aluminium,99.5% purity (£ per tonne)						Ring turnover 19,875 tonne
Cash	1093-5	1071-3	1092	1091-2		
3 months	1034-5	1016-7	1040/1028	1034-5	1035-6	48,098 lots
Copper, Grade A (£ per tonne)						Ring turnover 45,625 tonne
Cash	1346-8	1285-7	1337/1334	1330-4		
3 months	1226-7	1186-7	1236/1212	1218-20	1229-31	75,296 lots
Copper, Standard (£ per tonne)						Ring turnover 70 tonne
Cash	1265-70	1250-60	1265/1260	1260-5		
3 months	1170-5	1155-65		1165-70		42 lots
Silver (US cents/fine ounce)						Ring turnover 20,000 ozs
Cash	645-8	661-4	654/653	653-4		
3 months	657-60	672-5		663-6	660-5	676 lots
Lead (£ per tonne)						Ring turnover 10,200 tonne
Cash	367-9	361-2	390/387	387.5-8		
3 months	353-4	360-1	354.5/352	353.5-4	353.5-4	12,948 lots
Nickel (£ per tonne)						Ring turnover 2,196 tonne
Cash	4790-810	4730-50	4800/4780	4770-80		
3 months	4500-10	4400-5	4500/4430	4460-70	4460-80	8,862 lots
Zinc (£ per tonne)						Ring turnover 6,750 tonne
Cash	497-9	495-6	500/499.5	499.5-500		
3 months	501.25-1.5	498.5-9	504/500	504-4.5	500-1	12,697 lots

POTATOES £/tonne

	Close	Previous	High/Low
Feb	97.50	86.00	95.00 94.00
Mar	84.50	85.50	
Apr	150.80	160.50	151.80 149.80
May	186.50	188.00	185.50 185.00
Nov	96.00	94.50	96.00
Feb	105.00	107.00	105.00

Turnover: 203 (206) lots of 160 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Apr	128.00	128.50	128.00
Jun	122.50	122.40	122.50
Aug	120.00	121.00	
Oct	121.80	122.00	
Dec	123.80	126.00	
Feb	126.00	127.80	

Turnover: 75 (140) lots of 100 tonnes.

FREIGHT FUTURES £/index point

	Close	Previous	High/Low
Apr	1495.0	1471.0	1497.0 1485.0
Jly	1360.0	1332.0	1365.0 1350.0
Oct	1397.0	1368.5	1397.0 1392.0
BFI	1393.0	1387.5	

Turnover: 417 (383)

SPICES
Spot supplies of cloves were still tight, but prices for shipments from Madagascar were lower due to liberalisation of trade, reports Man Producten. However, minimum export prices are expected to be announced shortly. Mexican Pimento for spot supply was up $25 at $1650 a tonne, while Jamaican offerings were unchanged at $2400, cash and freight. Cassia was steady, but activity was limited. Pepper was firm with the Soviet Union reported to have bought about 5,000 tonnes from India. Spot black pepper was $4750, white was unchanged at $6000. Nutmegs, mace and ginger were unchanged.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	456-456½	257½-258
Opening	466¾-467¼	262¾-263¼
Morning fix	465.25	262.334
Afternoon fix	459.00	258.509
Day's high	467¼-467¾	
Day's low	454-454½	

Coins	$ price	£ equivalent
US Eagle	466-474	265-268
Mapleleaf	469-474	265-268
Britannia	466-474	265-268
Krugerrand	455-458	257-258
1/2 Krug	243-252	137¼-142¼
1/4 Krug	120-128	67¾-72¼
Angel	472-477	266¾-269½
1/10 Angel	48-53	27-30
New Sov.	107¼-108¼	60½-61¼
Old Sov.	107¼-108¾	60½-61½
Noble Plat	487-496	274½-279¼

Silver fix	p/fine oz	US cts equiv
Spot	369.65	655.00
3 months	377.60	666.15
6 months	385.90	677.70
12 months	403.75	703.25

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Mar	May	Mar	May
1800	116	125	30	107
1900	59	83	73	163
2000	26	53	139	232
Aluminium (99.5%)	**Calls**		**Puts**	
1750	168	144	35	95
1850	104	96	72	147
1950	60	64	127	211
Copper (Grade A)	**Calls**		**Puts**	
2000	346	313	65	191
2150	249	244	118	269
2300	173	188	191	360

US MARKETS

PRECIOUS METALS were on the defensive as a steady US dollar influenced persistent trade, commission house and local selling, reports Drexel Burnham Lambert. After traders took profits, the selling continued and late trade selling touched off commission house self-stops to depress prices further. Prices rose from the lows near the close on profit-taking and short-covering. Copper rallied to the highs on early commission house short-covering but, as the precious metals weakened, commission house and local selling emerged, touching off sizeable stops to send prices sharply lower. Prices recovered slightly towards the close on profit-taking. Crude oil was under pressure from light trade selling which prompted locals to sell but short-covering emerged at the lows. Coffee fell on early speculative selling, but trade buying took prices through significant chart levels, prompting technical buying and touching off stops. Cocoa continued weak on commission house long liquidation in response to reports of Ivory Coast selling. The industry was a noted scale-down buyer. Sugar fell sharply on commission house liquidation and trade selling

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Feb	454.2	466.5	462.0	450.0
Mar	455.7	468.7	452.0	452.0
Apr	458.5	471.5	466.0	454.0
Jun	463.2	476.5	471.5	458.3
Aug	468.1	481.7	477.5	465.0
Oct	473.3	487.2	482.0	473.5
Dec	478.5	492.7	489.0	473.5
Feb	484.0	498.5	490.0	480.0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Feb	454.9	471.7	468.0	451.5
Apr	457.0	476.2	473.0	452.1
Jul	462.9	482.7	479.0	457.7
Oct	468.8	489.2	468.8	464.2
Jan	475.3	496.4	493.5	493.5
Apr	482.3	503.0	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Feb	650.5	662.5	649.0	649.0
Mar	654.5	666.5	669.0	646.0
May	662.9	675.2	665.0	654.0
Jul	670.9	683.5	676.0	663.0
Sep	679.0	697.8	693.0	671.0
Dec	692.2	705.1	698.0	683.0
Jan	698.1	709.1	0	0
Mar	705.7	718.9	716.0	709.0
May	715.2	728.6	0	0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	103.70	106.10	105.00	103.50
Mar	95.75	98.10	100.90	93.05
Apr	90.75	0	0	0
May	85.85	88.60	91.25	83.00
Jul	79.80	82.60	84.80	79.00
Sep	77.50	79.60	81.00	76.00
Dec	76.50	78.60	76.85	76.25
Jan	78.40	78.40	0	0
Mar	78.20	78.10	0	0
May	78.20	78.10	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Mar	16.90	16.96	17.04	16.82
Apr	16.81	16.91	16.96	16.74
May	16.73	16.80	16.85	16.66
Jun	16.62	16.69	16.75	16.57
Jul	16.50	16.59	16.62	16.48
Aug	16.43	16.50	16.54	16.40

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
Feb	47.50	48.01	49.05	47.70
Mar	47.10	47.53	47.75	46.80
Apr	45.80	46.01	46.10	45.35
May	44.79	44.96	45.00	44.40
Jun	44.30	44.51	44.40	44.00
Jul	44.40	44.56	44.50	44.10
Aug	44.80	45.16	45.15	44.80
Sep	45.80	45.91	45.90	45.75

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1760	1779	1784	1758
May	1790	1809	1814	1788
Jul	1815	1829	1837	1812
Sep	1844	1864	1868	1845
Dec	1875	1901	1895	1875
Mar	1907	1933	1928	1908
May	1931	1957	1955	1940

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	131.55	130.57	131.80	130.95
May	134.29	133.51	134.50	132.70
Jul	136.45	136.75	136.80	135.00
Sep	138.45	137.86	138.50	137.40
Dec	141.25	140.40	140.50	140.25
Mar	143.25	142.00	0	0
May	144.50	142.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	9.64	9.98	10.10	9.55
May	9.45	9.65	9.95	9.40
Jul	9.30	9.38	9.69	9.15
Oct	9.31	9.45	9.64	9.26
Jan	9.39	9.53	0	0
Mar	9.56	9.44	9.82	9.30
May	9.50	0.43	9.57	9.50

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	61.65	61.55	61.95	60.80
May	62.41	62.30	62.65	61.60
Jul	62.60	62.75	63.10	62.30
Oct	62.35	62.50	62.80	62.05
Dec	61.55	61.65	62.00	61.35
Mar	62.60	62.65	62.75	62.50
May	63.05	63.05	63.05	63.01

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	167.45	169.20	169.75	167.00
May	166.95	107.70	168.00	166.00
Jul	166.20	169.00	166.00	166.20
Sep	164.40	164.00	165.00	163.50
Nov	163.25	162.00	163.00	163.00
Jan	162.60	163.00	162.25	161.00
Mar	162.60	163.00	0	0
May	162.60	163.00	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Jan 28	Jan 27	mnth ago	yr ago
1736.4	1758.5	1780.5	1607.7

DOW JONES (Base: December 31 1974 = 100)

Spot	132.24	131.96	133.42	116.31
Futures	133.38	133.73	136.11	116.17

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	609/4	605/6	611/0	601/0
May	616/4	615/4	618/0	610/0
Jul	625/4	622/2	626/0	617/4
Aug	626/4	623/0	627/0	618/4
Sep	624/0	623/4	625/0	617/0
Nov	630/4	628/4	632/0	623/0
Jan	638/0	636/4	638/0	630/0
Mar	646/0	646/0	646/0	637/4
May	651/0	651/0	0	0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	21.04	21.30	21.38	21.03
May	21.33	21.63	21.68	21.32
Jul	21.56	21.81	21.87	21.55
Aug	21.65	21.87	21.88	21.65
Sep	21.65	21.87	21.90	21.65
Oct	21.63	21.87	21.85	21.63
Dec	21.75	22.00	22.10	21.75
Jan	21.75	22.00	21.98	21.75

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	178.2	177.2	179.3	175.5
May	178.1	177.2	179.3	175.5
Jul	178.3	177.4	179.0	176.5
Aug	179.0	179.0	179.0	177.5
Sep	180.7	179.0	181.0	178.5
Oct	180.7	180.2	180.7	179.5
Dec	181.7	180.3	182.5	180.0
Jan	182.5	182.0	182.5	182.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	196/6	198/4	198/6	196/0
May	202/4	204/2	204/2	201/4
Jul	205/4	207/2	207/2	204/2
Sep	206/4	207/0	207/2	205/2
Dec	207/4	208/2	209/0	207/0
Mar	214/4	215/2	215/2	213/4
May	218/4	220/0	218/4	217/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	326/0	323/6	327/0	320/2
May	327/0	323/0	327/0	320/0
Jul	312/4	313/0	315/0	310/4
Sep	315/4	316/0	318/0	314/0
Dec	326/0	326/0	326/4	323/4
Mar	329/0	332/0	0	0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	67.66	67.82	67.70	67.12
Apr	67.80	68.36	68.10	67.35
Jun	66.85	67.57	67.35	66.82
Aug	64.32	65.17	65.00	64.20
Oct	63.32	63.95	64.00	63.25
Dec	64.10	64.65	64.90	64.05

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	47.27	47.70	47.80	46.77
Apr	44.15	44.66	44.80	43.70
Jun	46.95	47.50	47.50	46.75
Jul	47.20	47.95	47.77	46.85
Aug	45.85	46.30	46.65	45.50
Oct	41.90	42.35	42.35	41.50
Dec	42.40	42.57	42.85	42.25
Feb	41.87	42.55	42.50	41.80

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	53.95	54.85	55.00	53.65
Mar	54.40	55.57	55.80	54.30
May	56.75	57.20	57.20	55.70
Jul	58.10	57.20	57.15	56.05

WORLD STOCK MARKETS

Wall Street

Dow drops as bond rally ends

Wall Street's receot advance began to be eroded this afternoon by mild profit-taking and a drop in bonds.

The bond market lost much of its gain of the past few days. The rally in bonds had been the only factor providing buoyancy for etocks, promising to make the weak economy tolerable with lower interest rates.

The Dow Jones lodustriale, which gained 15 points in the *opening minutes, fell to* 1,926, a loss of four points.

Advances held a slight edge over declines on volume of 140m shares.

Canada

Declines by most major ehare groups, led by golds, dragged the market lower at midday.

The composite index, which fell about six points in earlier trading, lost 24 poiots to 3036.80. Declines led advances by 435 to *194 on volume of 11.8m shares.*

Nove topped the list of most actives, dropping C$⅜ to C$9¼. It is offering to buy up to 13m commoo shares of Polysar Energy and Chemical *for* C$14 *per share.*

Golds were broadly lower. Lac Minerals dropped C$¼ to C$10½, International Corona fell C$1½ to C$38¼ and Placer Dome lost C$½ to C$15¼.

Among the base metals group, Noranda fell C$½ to C$21⅝, Alcan Aluminium slipped C$⅛ to C$31⅞ and Inco lost C$½ to C$23¾.

Energy issues were mixed, with Shell Canade elipping C$⅛ to C$37¼, Texaco Canada advancing C$⅝ to C$31⅞ and Gulf Canada Resources losing C$¼ to C$16½.

North American cloeing prices were unavailable for this edition

Tokyo

Modest trade saw share prices close slightly up as buying of financials continued, prompted by lower interest rates.

Expectations of a new investment trust fund *from* a major Japanese hrokerage, which would focus on financial-related shares, also sparked interest.

The Nikkei average rose 35.07 polnts, or 0.15 per ceot, to 23,622.32, after a 251.34 point rise on Thursday.

Advances led declines 1.4 to 1 on turnover of 700m shares, compared with 630m the previous day.

Thorsday'e newe that tbe Finance Ministry hed approved plans hy non-life insurers to sell five kinds of savings-type insuranee prodoets from April 1 inspired buying of related shares.

Nippon Fire and Marine Insurance's share price rose Y400 to Y2,480, op from its Y1,680 close a week ago.

Daiwa Securities will introduce an investment trust fund on February 5 that will focus primarily on financial-related stocks.

Nippoo Telegraph and Telephone shares fell Y90,000 yesterday on profit-taking to close at Y2.29m.

This followed their leap on Thursday of Y150,000 caused by talk that the Finance Ministry was reconsidering the way it would sell its third tranche of NTT shares.

An official confirmed that the *ministry* was considering allowing foreign securities firms to co-manage the underwriting of the third tranche.

Hong Kong

Advances in New York and Tokyo failed to spark local buying interest. Share prices closed marginally lower in quiet, lacklustre trading.

The Hang Seng index shed 3.06 polnts to 2,409.66, while the Hong Kong index lost 2.92 to 1,574.13. Turnover rose to HK$602.9m from HK$522.3m.

There was light selling pressure on the Hk Bank: investors expect heavy 1987 losses by its US subsidiary, Marine Midland Bank, which could affect profits. Hk Bank lost five cents to HK$7.25.

Among the hlue chips, Cheung Kong lost five cents to HK$8.65, while Jardine Metheson and Swlre Pacifle "A" were unebanged at HK$10.80 and HK$16.

Property shares were mixed, with Hk Land and Sun Hung Kai both losing five cents to HK$7.20 and HK$8.60, while Wharf and New World gained five cents to HK$6.30 and HK$7.90.

Frankfurt

No clear trend emerged after Thursday's sell-off, with share prices ending mixed in a moderate bourse.

Continued foreign selling undermined *share prices but the* firmer dollar gave some support.

The weak outlook for the West German economy this year was blamed for the current wave of selling. Foreigners are switching to US and Japanese stocks.

The Commerzbank index of 60 leading shares fell 4.2 points or 0.3 per cent to a three-year low of 1,207.9 points. The FAZ ended at 396.40.

The Boersen-Zeitung 30-share index rose 1.72 points to 251.14 points.

Deutsche Baok elosed DM2 higher at *DM359* bot Dresdner fell DM1 to DM212.20. Commerzbank was steady at DM193.50.

Insurer Allianz rose DM13.50 to close at DM1,199.50.

Cars also recovered, with Daimler adding DM3 to DM530, BMW gaining DM8 to *DM477* and VW firming DM1 to DM203.

Australia

Tha market closed firmer, but slightly off the session's highs, after drifting without direction throughout the day.

The day's eoeouraglog consumer price index figures, Wall Street'e modest overnight rally and the apparent levelling off of bullion after a $10 fall in the week received no more than a lukewarm response.

Falls outnumbered *rises* by eight to seven.

Quality transport, retail and antrepreneurial shares attracted the strongest gains, while media and banking issues recorded small losses.

Milan

Share prices closed higher in moderate trade. The gains were largely spurred by technical factors related to end-of-month settlement operations.

The MIB share price index closed 0.73 per cent up on the day at 962.

Fiat, whose 1987 provisional results were due, closed L50 up at L8,170, but fell back to L8,140 in unofficial trading.

Paris

A session of moderate trading saw business buffeted hy rumour and continuing uncertainty. Share prices ended just above the day's lows.

Talk that a large American institutioo was selling large blocks of Peugeot and Michelin stocks took those shares significantly lower and dragged the broader market down.

Peugeot ended FFr16 down at FFr790, while Michelin fell FFr6.50 to FFr136.50.

Zurich

The higher Wall Street close and a stronger dollar halped Swiss share prices to finish steady in *moderate* trading.

Buying was focused on seleeted, export-orleoted, blue-chip equlties, but earlier gains were trimmed by profit-taking.

Amsterdam

Prices ended the week down on their highs, in moderate trading.

The day'e volume of Fl232m, compered with yesterday's Fl125m, was boosted by a backlog of work after a telephone fault had forced the bourse to close early the previous night.

NEW YORK (3 pm)

[illegible]

CANADA (3 pm)

[illegible]

AUSTRIA

January 29	Sch %	+ or −
Creditanstalt	1,920	—
Goesser	2,720	+20
Interunfall	9,670	
Jungbunzlauer	4,850	+100
Laenderbank	358	−6
Perlmooser	635	+5
Steyr-Daimler	305	−6
Veitscher Mag	610	−10

BELGIUM/LUXEMBOURG · DENMARK · FINLAND · FRANCE · GERMANY · ITALY · NETHERLANDS · NORWAY · SPAIN · SWEDEN · SWITZERLAND · SOUTH AFRICA · JAPAN · AUSTRALIA · HONG KONG · SINGAPORE

[illegible]

INDICES

NEW YORK — DOW JONES

[illegible]

CANADA

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

CURRENCIES AND MONEY

FOREIGN EXCHANGES

Dollar stays in narrow range

"ITS BEEN one of the quietest days I can remember" was the most exciting contribution one dealer had to make when commenting on yesterday's foreign exchange activity. Traders had a lot to think about, with the recent release of economic data, but very little to look forward to. US GNP figures suggested strong growth but were spoilt by a large build up of inventories.

So with central banks still seen as a force to be reckoned with and thus limiting the dollar's down side, and little enthusiasm to push the dollar ahead before the weekend, the day's movements were strictly limited.

The dollar was given a minor boost from short covering, normally associated with the month end, while sentiment received mild encouragement from the Bank of Japan's quarterly report. This included suggestions that the Japanese trade surplus would decline in dollar terms over the coming year.

The dollar rose to DM1.6775 from DM1.6650 and Y127.75 compared with Y127.15. Elsewhere it finished at SFr1.3670 from SFr1.3560 and FFr5.5550 compared with FFr5.5175. On Bank of England figures, the dollar's exchange rate index was 93.9 from 94.0.

Sterling came through relatively unscathed after December's disappointing UK trade figures. Its exchange rate index finished at 74.3, unchanged from the opening and only slightly down from Thursday's close of 74.4.

Once again there was a lack of any real momentum to push the pound in either direction, although some traders suggested that underlying sentiment could be strengthened if pressure increased for a rise in interest rates.

Sterling was weaker against the dollar at $1.7700 from $1.7830 but the strength of the US unit left sterling unchanged against the D-Mark at DM2.9700 and only slightly weaker against the yen at Y226.25 from Y226.75. Elsewhere it closed at SFr2.4200 from SFr2.4175 and FFr10.0100 from FFr10.0150.

JAPANESE YEN-Trading range against the dollar in 1987/88 is 159.45 to 121.35. December average 128.45.

Trading was confined to a narrow range ahead of the weekend in Tokyo. The dollar closed at Y127.20, unchanged from its close in New York and compared with Y127.05 in Tokyo on Thursday. While figures released after the close of business showed December's unadjusted current account surplus moving up to $9.44bn from $5.79bn in November and $9.19bn a year ago, the visible surplus fell to $10.06bn in December from $10.20bn a year ago.

£ IN NEW YORK

Jan.29	Latest	Previous Close
£ Spot	1.7635-1.7645	1.7805-1.7815
1 month	0.25-0.23pm	0.23-0.21pm
3 months	0.78-0.74pm	0.65-63pm
12 months	2.95-2.85pm	2.89-2.83pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Jan.29	Previous
8.30 am	74.3	74.5
9.00 am	74.3	74.5
10.00 am	74.3	74.5
11.00 am	74.3	74.4
Noon	74.3	74.4
1.00 pm	74.2	74.4
2.00 pm	74.3	74.4
3.00 pm	74.3	74.4
4.00 pm	74.3	74.4

CURRENCY RATES

Jan.29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	-	0.770857	0.696027
U.S Dollar	6	1.37043	1.23127
Canadian $	8.75	1.74935	1.57073
Austrian Sch.	3	16.0793	14.5229
Belgian Franc	6¾	47.7492	43.1592
Danish Krone	7½	8.76184	7.90969
Deutsche Mark	2½	2.28738	2.06534
Neth.Guilder	3¾	2.56644	2.31947
French Franc	9½	7.70045	6.96284
Italian Lira	12½	1685.88	1519.70
Japanese Yen	2½	174.250	157.566
Norway Krone	8	8.70497	7.84936
Spanish Peseta	-	155.133	140.180
Swedish Krona	7½	8.21436	7.41718
Swiss Franc	2½	1.86173	1.68253
Greek Drach.	20½	182.514	164.539
Irish Punt	-	0.85953	0.776828

All SDR rates for January 28

CURRENCY MOVEMENTS

Jan.29	Bank of England Index	Morgan** Guaranty Changes %
Sterling	74.3	-19.2
U.S Dollar	93.9	-12.6
Canadian Dollar	N/A	-8.3
Austrian Schilling	N/A	+10.7
Belgian Franc	NA	-4.5
Danish Krone	N/A	+3.0
Deutsche Mark	N/A	+23.2
Swiss Franc	N/A	+26.4
Guilder	N/A	+15.8
French Franc	N/A	-12.8
Lira	N/A	-19.0
Yen	N/A	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100) **All Rates for Jan.28

OTHER CURRENCIES

Jan.29	£	$
[illegible]	[illegible]	[illegible]
Luxembourg	62.00-62.10	35.00-35.10
Malaysia	4.5040-4.5240	2.5450-2.5550
Mexico	3992.25-4012.25	2255.00-2265.00
N. Zealand	2.6515-2.6565	1.4980-1.5005
Saudi Ar.	6.6400-6.6450	3.7495-3.7500
Singapore	3.5565-3.5765	2.0125-2.0225
S. Af (Cm)	3.5110-3.5270	1.9880-1.9920
S. Af (Fn)	5.0245-5.1705	2.8370-2.9195
Taiwan	50.85-51.10	28.55-28.65
U.A.E.	6.5035-6.5095	3.6725-3.6735

*Selling rate

POUND SPOT- FORWARD AGAINST THE POUND

Jan.29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7690-1.7790	1.7695-1.7705	0.26-0.23cpm	1.66	0.82-0.77pm	1.80
Canada	2.2561-2.2627	2.2575-2.2585	0.02dis-0.06pm	0.11	0.12dis-0.01pm	-0.10
Netherlands	3.33-3.34	3.33-3.36	1¼-1⅛cpm	4.27	4-3⅞pm	4.42
Belgium	61.84-62.25	62.00-62.10	19-2cpm	2.03	46-25pm	2.29
Denmark	11.35-11.38½	11.36½-11.37½	par-1¾oredis	-0.73	½-2dis	-0.44
Ireland	1.1140-1.1190	1.1165-1.1175	0.02pm-0.03pdis	-0.05	0.17-par	0.30
W. Germany	2.96½-2.97½	2.96½-2.97½	1½-1⅛pfcm	4.80	4⅛-3⅞pm	5.13
Portugal	241.18-242.68	241.20-242.20	103-168cdis	-6.70	298-419dis	-5.19
Spain	201.06-201.89	201.30-201.60	50-79cdis	-3.84	153-202dis	-3.52
Italy	2182½-2189	2185½-2186½	par-6lirodis	-1.65	8-13dis	-2.01
Norway	11.26¾-11.31½	11.27½-11.28½	4½-5¾oredis	-5.19	15-16⅛dis	-5.52
France	9.99-10.02	10.00½-10.01½	1⅛-1⅛cdis	-0.75	1⅜-1⅞dis	-0.67
Sweden	10.64¾-10.67½	10.65½-10.66½	¾-1⅛oredis	-0.84	1⅞-2⅛dis	-0.82
Japan	225¾-226¾	225¾-226¾	1-1⅛ypm	3.98	2⅞-2¼pm	4.42
Austria	20.82-20.89	20.85-20.88	7⅛-6groPm	3.77	22⅛-20⅞gpm	4.11
Switzerland	2.41¼-2.42½	2.41½-2.42½	1⅛-1⅛cpm	6.82	4⅛-3⅞pm	6.61

Belgian rate is convertible francs. Financial franc . Six-month forward dollar 1.67-1.62cpm 12 month 3.30-3.20cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Jan.29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7670-1.7790	1.7695-1.7705	0.26-0.23cpm	1.66	0.82-0.77pm	1.80
Ireland†	1.5840-1.5890	1.5850-1.5860	0.11-0.07cpm	0.68	0.34-0.24pm	0.73
Canada	1.2742-1.2765	1.2755-1.2765	0.18-0.20cdis	-1.79	0.53-0.56dis	-1.71
Netherlands	1.8730-1.8845	1.8835-1.8845	0.43-0.40cpm	2.65	1.33-1.30pm	2.80
Belgium	34.85-35.10	35.00-35.10	3dis-par	0.51	8-3dis	0.63
Denmark	6.38½-6.42¾	6.42¼-6.42¾	0.65-1.25oredis	-1.78	2.95-3.55dis	-2.03
W. Germany	1.6660-1.6785	1.6770-1.6780	0.50-0.47pfpm	3.47	1.49-1.44pm	3.50
Portugal	136¾-137½	137¼-137½	80-110cdis	-8.33	230-290dis	-7.60
Spain	113.17-113.90	113.50-113.60	45-60cdis	-5.54	140-160dis	-5.27
Italy	1229-1236	1234¾-1235¼	3.00-4.00liredis	-3.40	10.00-12.00dis	-3.57
Norway	6.34¾-6.37¾	6.37-6.37½	3.40-3.75oredis	-6.74	11.20-11.60dis	-7.16
France	5.61½-5.65¾	5.65¼-5.65¾	0.30-0.45cdis	-0.80	1.55-1.85dis	-1.21
Sweden	5.99¾-6.02½	6.02-6.02¼	1.10-1.30oredis	-2.39	3.55-3.85dis	-2.46
Japan	127.10-128.00	127.70-127.80	0.29-0.25ypm	2.58	0.86-0.81pm	2.61
Austria	11.72-11.79½	11.78-11.78½	2.30-2.00gropm	2.19	7.50-6.50pm	2.38
Switzerland	1.3550-1.3680	1.3665-1.3675	0.63-0.56cpm	5.33	1.70-1.65pm	4.92

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 35.05-35.15.

EURO-CURRENCY INTEREST RATES

Jan.29	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	8⅝-8⅜	8½-8¼	8⅞-8⅝	8⅞-8⅝	9-8⅞	9⅛-9⅛
US Dollar	6⅝-6½	6⅝-6½	6⅝-6½	6⅞-6¾	7-6⅞	7⅜-7¼
Can. Dollar	8½-8¼	8½-8¼	8½-8⅜	8½-8⅜	8⅞-8⅝	8⅞-8⅝
D. Guilder	3⅞-3⅝	3⅞-3⅝	3⅞-3⅝	4-3⅞	4⅛-4	4⅜-4⅛
Sw. Franc	N/A	N/A	1⅛-1⅛	1⅛-1⅛	2⅛-2⅛	3-2⅞
Deutschmark	N/A	N/A	3⅛-3	3⅛-3⅛	3⅜-3⅛	3⅜-3⅜
Fr. Franc	7⅞-7⅜	7⅞-7⅜	7⅞-7⅜	8⅛-8	8⅞-8⅜	8⅞-8⅞
Italian Lire	11⅛-9⅛	10-9	10⅛-9⅞	10⅛-10⅛	10⅞-10½	11-10⅜
B. Fr. (Fin)	6⅞-6⅛	6⅞-6⅜	6⅞-6⅛	6⅞-6⅛	6⅞-6⅞	6⅞-6⅞
B. Fr. (Con.)	6⅛-6	6⅛-6	6⅞-6⅛	6⅞-6⅛	6⅞-6⅞	6⅞-6⅞
Yen	7-6⅞	4⅞-4⅜	4⅛-4⅛	4⅛-4⅛	4⅛-4⅛	4⅛-4⅛
D. Krone	8⅞-8⅞	9-8⅞	8⅞-8⅞	9⅞-8⅞	9⅞-9⅞	9⅞-9⅞
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 8-7⅞ per cent; three years 8⅛-8⅜ per cent; four years 8⅝-8⅜ per cent; five years 8⅝-8⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Jan.29	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.770	2.970	226.3	10.01	2.420	3.335	2186	2.258	62.05
$	0.565	1	1.678	127.9	5.655	1.367	1.884	1235	1.276	35.06
DM	0.337	0.596	1	76.20	3.370	0.815	1.123	736.0	0.760	20.89
YEN	4.419	7.821	13.12	1000.	44.23	10.69	14.74	9660	[illegible]	274.2
F Fr.	0.999	1.768	2.967	226.1	10.	2.418	3.332	2184	2.256	61.99
S Fr.	0.413	0.731	1.227	93.51	4.136	1	1.378	903.3	0.933	25.64
H Fl.	0.300	0.531	0.891	67.86	3.001	0.726	1	655.5	0.677	18.61
Lira	0.457	0.810	1.359	103.5	4.579	1.107	1.526	1000.	1.033	28.39
C $	0.443	0.784	1.315	100.2	4.433	1.072	1.477	968.1	1	27.48
B Fr.	1.612	2.853	4.786	364.7	16.13	3.900	5.375	3523	3.639	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

Mood of uncertainty

INTEREST RATES were a little higher in London yesterday as the mood of the market was particularly unsettled. After Thursday's almost bullish feel, some of the long faces returned, gaining ammunition from comments by Mr Robin Leigh-Pemberton, Governor of the Bank of England, when he suggested that interest rates may have to be increased, if a build up of inflationary pressures so dictated.

UK clearing bank base lending rate 8½ per cent from December 4

The lack of consistency in market sentiment was partly due to an inability to predict what would happen in the March budget. For this reason interest rate trends were likely to remain erratic.

Yesterday's firmer tone was reinforced by heavy rollover business ahead of the month end by Japanese traders, notably in three-month money. Interbank rates for this period rose to 8 13/16-8 11/16 p.c. from 8 11/16-8 9/16 p.c. while the one year rate was higher at 9⅜-9¼ p.c. from 9 5/16-9 3/16 p.c. Weekend money started at 8¾-8¼ p.c. and moved up to 9¾ p.c. before finishing nearer 9 p.c.

The Bank of England forecast a shortage of around £1,200m with factors affecting the market including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £842m and Exchequer transactions a further £130m. In addition there was a rise in the note circulation of £295m. These were partly offset by banks' balances brought forward £80m above target.

To help alleviate the shortage, the Bank offered an early round of assistance which totaled £36m, through outright purchases of eligible bank bills in band 4 at 8⅜ p.c. Further assistance in the morning came to £150m, through outright purchases of £24m of eligible bank bills in band 1, £38m in band 2, £3m in band 3 and £95m in band 4, all at 8⅜ p.c.

The forecast was revised to a shortage of around £1,100m, before taking into account the morning help, and the Bank gave additional assistance in the afternoon of £766m, through outright purchases of £182m of eligible bank bills in band 1, £91m in band 3 and £492m in band 4, all at £8⅜ p.c. Late help came to £70m, making a total of £1,031m.

A small decline in interest rates over the week was reflected by a fall in the average rate of discount at the weekly Treasury bill tender of 0.0880 p.c. to 8.2125 p.c.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.29) 3 months US dollars		6 months US Dollars	
bid 6⅞	offer 6⅞	bid 6⅞	offer 7

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	8.75
Broker loan rate	8.00
Fed.funds	6⅝
Fed.funds at intervention	6⅞

Treasury Bills and Bonds			
One month	3.29	Three year	7.45
Two month	5.36	Four year	7.52
Three month	5.81	Five year	7.81
Six month	6.28	Seven year	8.08
One year	6.63	10-year	8.29
Two year	7.24	30-year	8.47

Jan.29	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.00-3.10	3.20-3.35	3.25-3.40	3.25-3.40	3.30-3.45	4.50
Paris	7⅛-7¼	7⅛-7⅜	7⅛-7⅞	8-8⅛	8⅛-8⅛	7.50
Zurich	2⅞-3	1⅝-1⅞	-	1½-1⅞	-	-
Amsterdam	3⅞-4⅛	3⅞-4	-	4-4⅛	-	-
Tokyo	3.59375	3.78125	-	3.90625	-	-
Milan	10⅛-12⅛	10⅞-11⅛	-	10½-11	-	-
Brussels	6.75	6⅞-6⅞	-	6⅞-6⅞	-	-
Dublin	7⅞-8	8⅛-8½	8⅞-8⅞	8⅞-8⅞	8⅞-9	-

LONDON MONEY RATES

Jan.29	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	9⅛	8½	8⅞	8⅞	9⅛	9⅜
Interbank Bid	8⅛	8⅜	8⅝	8⅝	8⅞	9⅛
Sterling CDs	-	-	8½	8⅞	9	9⅛
Local Authority Deps.	8	8	8⅝	8⅞	8⅞	9⅛
Local Authority Bonds	-	-	8⅞	8⅞	9	9⅛
Discount Mkt Deps.	9	8⅝	8⅛	8⅝	8½	-
Company Deposits	8⅞	8½	8⅝	8⅞	9	9⅛
Finance House Deposits	-	-	8⅞	8⅞	9	9⅛
Treasury Bills (Buy)	-	-	8⅝	8⅝	-	-
Bank Bills (Buy)	-	-	8⅞	8⅞	8⅞	-
Fine Trade Bills (Buy)	-	-	9	9⅛	9⅛	-
Dollar CDs	-	-	6.90-6.85	7.00-6.95	7.15-7.10	7.60-7.55
SDR Linked Dep Offer	-	-	5⅞	5⅞	6⅛	6⅞
SDR Linked Dep Bid	-	-	5⅞	5⅞	5⅞	6⅛
ECU Linked Dep Offer	-	-	5⅞	6⅛	6⅞	6⅞
ECU Linked Dep Bid	-	-	5⅞	6⅛	6⅞	6⅞

Treasury Bills (sell); one-month 8⅛ per cent; three months 8⅛ per cent; Bank Bills (sell): one-month 8⅞ per cent; three months 8⅞ per cent; Treasury Bills; Average tender rate of discount 8.2125 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day January 29, 1988. Agreed rates for period Feb.24,1988 to March 25, 1988, Scheme I: 10.11 p.c., Schemes II & III: 10.22 p.c. Reference rate for period January 1 1988 to January 29, 1988, Scheme IV: 8.973 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 9.00 from February 1, 1988: Bank Deposit Rates for sums at seven days notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7½ per cent; one-three months 8¼ per cent; three-six months 8½ per cent; six-nine months 8½ per cent; nine-twelve months 8½ per cent; Under £100,000 7½ per cent from Jan.26,1988, Deposits withdrawn for cash 5.00 per cent.

LONDON STOCK EXCHANGE

Gilts and equities close steadily

Account Dealing Dates

First Dealings	Option Declarations	Last Dealings	Account Day
Jan 11	Jan 21	Jan 22	Feb 1
Jan 25	Feb 4	Feb 5	Feb 15
Feb 8	Feb 18	Feb 19	Feb 29

"New time dealings may take place from 8.00 am two business days earlier.

THE GOVERNOR of the Bank of England fired another shot across the City's bows yesterday by repeating his previous warning that domestic interest rates might have to be raised in order to contain inflationary pressures. His admonition checked the day's rise in the equity market which backed down from another cautious move towards the FT-SE Index 1800 mark, seen as a significant testing point for market confidence. Government bonds, also halted momentarily by the Governor's words, regained their poise later, helped by the absence of any new funding move by the authorities.

Turnover in equities remained good by recent standards, but the Seaq share total of 450.2m at 6.00pm was nearly one third down on Thursday, when equity trading by value totalled £1.4bn, the highest daily total so far this year. Some institutional business was reported again, and oil shares had another very busy session as Atlantic Richfield (Arco) confirmed that it has switched its acquisition plans away from Britoil and towards Tricentrol. BP stock was active again as Arco's decision to accept BP's 500p a share for its Britoil stake was followed by reports that the UK Treasury would hold discussions next week with both BP and Britoil regarding their respective Golden Shares.

The FT-SE 100 Index closed 5.9 up on the day at 1790.8. At midsession, this leading market indicator had just topped 1793 when the Governor's comments on interest rates clipped the top off the market.

Some analysts took a cautious view of the market's unwillingness to challenge FT-SE 1800, which has already proved a barrier on three previous occasions in the latest market phase.

However, many analysts expect equities to make progress ahead of Budget Day, March 15. Warburg Securities told clients yesterday that "a rally to the 1900 level" is likely, while earlier this week, Nomura Securities predicted a trading range of 1650-1950 in the near term.

The Bank Governor's references to inflationary pressures and interest rates, made on a TV programme, were taken seriously in the Gilts and money markets. But they were offset in the bond market by another firm performance from the US bond sector, which has been leading London this week.

Some UK bond analysts regard the official warnings on interest rates as part of a cautionary build-up to Budget Day, aimed at curbing over-enthusiasm in the marketplace. UK analysts are not convinced that domestic rates could move higher against the trend of the Japanese and US bond markets.

Gilt-edged prices moved erratically, losing initial ½ point gains on the Governor's comments, to lie fallow until the 3.30pm deadline for any new Government stock issue had safely passed.

The market then improved, and long-dated issues closed ¼ up, with the Treasury 7¾½ pc '12-15 up ⅜ at 86⅝. Index-linked issues ended little changed after losing early gains.

Tricentrol were heavily traded again (9.3m shares) as Arco's announcement that it was "considering" a full bid, after its aggressive purchase of 14.8 per cent of the Tricentrol equity on Thursday morning, set the speculators to work. The shares quickly soared above the 180p paid by Arco, and the market buzzed with rumours of impending counter-bids – Mobil, Exxon, and Conoco were among the names suggested. Finally at 192p, Tricentrol were 5 up.

Britoil said it was determined to continue the fight against BP despite Arco's formal acceptance of BP's 500p offer. At 478p, Britoil closed little changed, with the discount against the BP offer reflecting the expected delay in bid completion, as well as the risk of Golden Share complications – or the appearance of a white knight, even at this late stage.

British Petroleum "new" shares attracted some Japanese interest, and closed a shade firmer at 79p on turnover of 16m shares. The Far Eastern buyers are believed to be attracted solely by the yield on the shares. The "old" added 1 to 265p.

Others in the takeover frame included **Ultramar**, a few pence better at 241p on 2.4m turnover. There was a sharp rise in **Triton Group**, finally 21 up at 164p after Kleinwort Grieveson recommended the shares for their strong North Sea reserves.

Cable & Wireless shares topped the active list as confidence rose in London over prospects for Monday's debut in Far Eastern markets of the shares of Hong Kong Telecommunications, in which C & W has an 80 per cent interest.

Hong Kong brokers have upgraded forecasts of the opening price for the new stock to HK$7.50, valuing the C & W stake at £4bn, more that the present £3.8bn UK market capitalisation of Cable & Wireless. Aggressive buying developed as London analysts recommended the stock and, after a turnover of 8.9m shares, C & W closed 17 higher at 370p.

Matthew Hall, engineering designers and contractors, plunged 24 to 123p in the wake of an extremely bearish trading statement from the company.

The board says the year's results, due in April, will be "significantly affected" by a substantial and unexpected loss, incurred by a US subsidiary on a single major contract. The mining and minerals division is also expected to be in loss for the year, while the group's overall trading is being hurt by volatile currency markets and continued weakness in oil prices.

Thursday's increased activity in the Banking sector was not repeated and, with the notable exception of **Midland**, up 8 at 413p following publicity given to a recommendation by Laing and Cruickshank, prices closed little altered. Among Overseas banks, **Standard Chartered** dipped 15 to 535p following the disposal of United Bank of Arizona, the Arizona's fourth largest bank, to Citicorp for between £110m and £115m. Dealers expressed concern about Standard's agreement to purchase a $145m loan portfolio for which it is making provision, as part of the transaction. Further disposals by Standard are expected, including the sale of Union Bank, the group's Californian subsidiary.

Bid speculation revived strongly in the Life Insurance sector. **London and Manchester** featured, rising 17 to 298p, after 300p, on speculation of imminent takeover developments involving West German insurance group Allianz. **Abbey Life** were an active market, some 4.6m shares moved through the system, and the price rose 7 to 266p.

Institutional investors made another and more pronounced foray on the Brewery sector. Volume increased significantly as funds flowed freely into stocks regarded for their defensive qualities with **Allied-Lyons**, up 7 at 351p, recording the heaviest trade of 4.1m shares. **Guinness** rebounded from the previous session's dullness to close 7 higher at 293p while **Bass**, upgraded recently by Morgan Grenfell Securities to a "buy", gained 11 to 800p. **Whitbread "A"** were also active but the shares ended unchanged at 294p owing to an evenly balanced trade. **Matthew Clark** continued the make up ground, rallying 5 more to 360p awaiting new developments in the Anglo/Canadian battle for French cognac house Martell. Renewed demerger or bid speculation encouraged **Vaux** to rise 6 more to 523p, **Invergordon Distillers** to gain 6 to 213p and **Greene King** to complete a good week at 494p, for a five-day improvement of 26.

The Building sector was given a boost by reports that the Building Employers Confederation has adopted a bullish view of prospects for the industry during the current year. The likes of **Tarmac**, **BPB Industries** and **Blue Circle** all attracted increased turnover with prices responding accordingly. **Tarmac** moved up 7 to 239p in a volume of 4.1m shares, while **BPB Industries** continued to reflect persistent buying interest with a fresh rise of 9 to 269p. **Blue Circle**, currently involved in an acrimonius battle for control of Birmid Qualcast, picked up 5 at 441p.

ICI were a slightly firmer market on currency influences and closed ⅛ higher at £10¼. **Coates Brothers** issues gave ground amid reports, later confirmed, that Mr. John Spalvin's Markheath Secnrities had placed its holdings of both the Ordinary and A shares; Markheath realised 340p for its 20 per cent holding of Coates Ordinary and 310p for its 22.8 per cent stake in the A. CDF Chimie's partial tender offer to acquire Ordinary and A shares in Coates has been declared unconditional as to acceptances and is now only conditional upon the completion of Coates' acquisition of Lorilleux International from CDF Chimie.

Wigfalls, currently in receipt of a share exchange offer from Bennett and Fountain, featured a jump of 36 at 214p as the company announced the intervention of a third party which may lead to an increased offer. **Share Drug**, still reflecting the takeover approach, advanced 35 more to 325p for a two-day gain of 73. The recent distribution contract with Woolworth continued to benefit **Tibbet and Britten** which firmed 5 more to 250p while **Babygro** responded to favourable Press mention with a gain of 4 at 98p.

Rolls-Royce became a quieter with the shares settling unaltered 143p in a volume of 2.8m. The excess foreign shareholding position is expected to be resolved shortly and partly on this basis Warburg Securities are advocating a switch from British Aerospace into Rolls-Royce. Elsewhere in the Engineering sector, comment on possible beneficiaries from the Eurotunnel project directed buying attention to **Telfos** which moved up 8 to 127p and **Hall Engineering**, 5 to the good at 310p. **IMI** hardened 3 to 194p on the sale of IMI Hayes Metals to Amalgamated Metal Corporation.

The four stocks chosen by Warburg Securities, the London investment house, for inclusion in its 1988 Pharmaceutical Model Portfolio claimed considerable attention. **Fisons** were a particularly lively market and advanced 8 to 268p in a volume of some 6.4m shares while **Beecham**, up 5 at 470p, were also briskly traded. **London International** improved afresh to close 11 higher at 289p and **Wellcome** firmed 3 more to 410p.

D.Y. Davies, reflecting the poor interim figures, fell away sharply to close with a loss of 45 at 175p. **G. Davis**, in contrast, encountered a burst of speculative activity and put on 12 to 162p. **Plumb Holdings**, the subject of a profits upgrading by Citicorp Scrimgeour Vickers (CSV), were noteworthy for a rise of 13 at 205p. CSV suggest that the present rating is undemanding and strongly recommend exposure for growth funds. **Rank Organisation**, still reflecting the preliminary figures, improved afresh to around 629p before drifting back on profit-taking to close 3 firmer on balance at 624p for a two-day gain of 37. The large change in a stakeholding (29.9 per cent) continued to excite **Ashley Industrial Trust** which rose 5 further to 55p.

British Telecom cast off indecision aroused by the Oftel consultative document on price regulation, which has caused some analysts to regard the stock as a rate regulated utility. More aggressive support discouraged sellers and in a good trade the shares moved up 5½ to 237p. Other Electrical leaders showed little change but many features emerged among secondary issues. Inspired by the acquisition of a US concern for $48m, **Emess** rose 15 further to 415p while other outstanding gains were scored by **Jones Stroud**, 210p, **Lorlin** 160p, and **Rodime**, 185p. An investment recommendation lifted **Telecomputing** 5 to 178p, but profit-taking after the announcement of excellent interim profits brought **Wholesale Fittings** back 8 to 430p. **Dubilier** were another casualty, falling 8 to 132p following news that both sales and orders had slowed in the latter part of 1987.

Maxwell Communication improved after news that the group planned a general expansion into Europe, which would include acquisitions. The shares will be listed for the first time next Friday on the Paris and

Leading Properties made modest progress in thin trading. **Land Securities** edged up 4 to 485p and **MEPC** hardened a couple of pence to 464p. Renewed profit-taking in the absence of any bid developments left **Hammerson A** 11 lower at 543p, but fresh demand in the wake of a Warburg Securities recommendation lifted Broadgate developers **Rosehaugh** 30 to 635p and gave a boost to Rosehaugh's partners in the venture **Stanhope** which gained 17 to 199p. **Hampton Trust** added 3 to 103p following the good half-year figures, but **Shield Group**, after touching 130p on the announcement of increased interim profits and the company's proposal to buy in its own shares, fell back sharply to close 4 lower on balance at 103p.

A return to profitable trading in the first six months of the year aroused support of **Turnbull Scott**, which rose 50 to 525p, while fresh speculative demand raised **Walter Runciman** 25 further to 253.

Polly Peck remained buoyant ahead of a major presentation next month and closed 9 higher at 289p

A fair amount of interest developed in the Traded Option market yesterday. Total contract amounted to 36,340 comprising 17,570 calls and 8,770 puts. BT attracted 1,076 calls and 1,246 puts, while **Cable and Wirless** accounted for 2,097 calls and **Hanson** 1,686 calls. The **FTSE** contract registered 4,154 calle and 1,783 puts.

FINANCIAL TIMES STOCK INDICES

	Jan. 29	Jan. 28	Jan. 27	Jan. 26	Jan. 25	Year Ago	1987/88 High	1987/88 Low	Since Compilation High	Since Compilation Low
Government Secs	89.72	89.72	89.21	88.94	89.39	85.31	93.32 (8/5/87)	83.73 (19/10/87)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.36	95.38	95.21	95.27	95.46	91.90	99.12 (15/6/87)	90.23 (2/1/87)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1435.7	1430.0	1415.6	1418.0	1414.0	1441.0	1926.2 (16/7/87)	1232.0 (9/11/87)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	261.5	267.0	268.2	265.7	279.1	321.8	497.5 (4/8/87)	261.6 (6/11/87)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div.Yield	4.34	4.37	4.41	4.42	4.43	3.95				
Earnings Yld. %(full)	10.98	11.04	11.14	11.16	11.19	9.25				
P/E Ratio (net)(*)	11.14	11.07	10.98	10.96	10.92	13.26				
SEAQ Bargains (5pm)	26,287	26,073	22,053	23,534	22,950	34,168				
Equity Turnover (£m)	-	1428.57	871.21	1001.59	727.07	1344.33				
Equity Bargains	-	25,461	22,518	26,111	24,392	43,671				
Shares Traded (ml)	-	565.3	349.4	366.2	307.5	546.3				

S.E ACTIVITY

Indices	Jan.28	Jan.27
Gilt Edged Bargains	182.9	162.1
Equity Bargains	165.0	145.9
Equity Value	2887.5	1760.9
5-Day average		
Gilt Edged Bargains	157.5	148.1
Equity Bargains	168.1	170.0
Equity Value	2047.5	1930.9

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1436.7	1438.7	1436.6	1437.4	1435.0	1435.2	1438.0	1436.4

Day's High 1438.9 Day's low 1434.6

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=11.04.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-0898 123001

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jul.	Calls Oct.	Puts Apr.	Puts Jul.	Puts Oct.
Allied Lyons (*351)	330	40	48	58	15	24	30
	360	22	30	42	26	40	43
	390	10	21	-	46	58	-
Brit. Airways (*172)	140	38	42	46	4	8	10
	160	21	28	33	9	16	20
	180	12	18	25	20	27	32
Brit. & Comm.	300	42	55	65	15	18	27
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Feb.	Calls May	Calls Aug.	Puts Feb.	Puts May	Puts Aug.
LASMO (*325)	300	35	48	60	15	25	40
	330	13	33	47	25	43	55
	360	7	25	-	43	63	-
P. & O. (*552)	500	60	80	97	4	22	35
	550	22	48	68	18	45	63
	600	-	25	-	-	75	-
Pilkington	220	18	33	43	6	18	25
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

January 29 Total Contracts 36,340 Calls 17,570 Puts 8,770
FT-SE Index Calls 4,154 Puts 1,783
*Underlying security price.

Traditional Options

- First dealings Jan 18
- Last dealings Jan 29
- Last declarations Apr 21
- For Settlement May 3

For rate indications see end of London Share Service

Dealers reported a reasonable interest in the Traditional option market. Stocks favoured for the call included **Far Eastern Resources**, **Thomson T-Line**, **Camford**, **Dee Corporation**, **Dares Estates**, **Delta Group**, **GRA**, **Jaguar** and **Epicure**. A put option was arranged in **Epicure** but no doubles were reported.

NEW HIGHS AND LOWS FOR 1987/88

NEW HIGHS (15).

BRITISH FUNDS (1) Transport 3pc. 1978-88, AMERICANS (1) Premark Intl., BREWERS (2) Greene King, Macallan-Glenlivet, BUILDINGS (1) Gibbs & Dandy, STORES (3) Body Shop Intl., Cantors, Share Drug, ELECTRICALS (1) Electronic Rentals, NEWSPAPERS (1) Haynes Pub., TRUSTS (1) Continental & Ind., OILS (2) LASMO 8¾pc. Cum Red Pref (partly paid), Tricentrol.

NEW LOWS (24).

CHEMICALS (3) BASF AG, Bayer AG, Chemoxy Intl., ELECTRICALS (1) Ealing Electro, INDUSTRIALS (5) Brierley Invs., Brooks Service, Davies (D.Y.), Huntleigh Tech., Optical & Medical Intl., PROPERTY (1) Shield Group, TEXTILES (1) CoxMore, TRUSTS (3) Contl. Assets Warrants, Independent Inv. Warrants, Japan Asset Warrants, MINES (10) Kinross, Blyvoor, Buffels, Western Deep, Impala Plat., OFS Invs., Rand Mines, Welkom Gold Hldgs., Jingellic Minerals, Minoil.

DEALINGS

Corporation and County Stocks

UK Public Boards

Foreign Stocks, Bonds, etc—(coupons payable in London)

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

Breweries and Distilleries

Registered Housing Associations

Commercial, Industrial, etc

Financial Trusts, Land, etc

Unit Trusts

Mines – Miscellaneous

Mines – South African

Oil

ADR (12:1) (Ptly Pd) – $16¾ .385
Warrants to purchase ADS – $7.65⊕
9% Cum 2nd Prf £1 – 85 ½ (22Ja88)
Burmah Oil PLC6% Cum 1st Prf Stk £1 – 57½
6% Cum 2nd Prf Stk £1 – 57½
7¾% Cum Red Prf Stk £1 – 66
8% Cum Prf Stk £1 – 78 (26Ja88)
Calor Group PLCOrd 50p – 522.83 32 3 6 .461 9.539 40 40 2 5 5 6 50 6
ELF UK PLC12¼% Uns Ln Stk 1991(Reg) – £106½ (27Ja88)
Great Western Resources IncClass A Shs of Com Stk NPV – 125 (25Ja88)
Mobil Corp Shs of Com Stk $2 – £23¾
Shell Transport&TradingCo PLCOrd Shs (Br) 25p (Cpn 178) – 10.2 10.35
5½% 1st Prf(Cum)£1 – 54 (25Ja88)
Total-Compagnie Francaise Des Petroles "B" Shs FR50 – £338½⊕

Property No. of bargains included 974

Allied London Properties PLC6½% Cnv Uns Ln Stk 1999 – £216
Bradford Property Trust PLC16½% Cum Prf £1 – 130 (26Ja88)
Britannia Group PLCOrd 5p – 103 8 7
Capital & Counties PLC6¾% Cnv Prf £1 – 93 4
9½% 1st Mtg Deb Stk 2027 – £93¾ ½ % ⅝ ⅞ ¼ ½
Charlwood Alliance Hldgs Ln8¾% 1st Mtg Deb Stk 95/98 – £96 (27Ja88)
7½% Uns Ln Stk 50p – 30 (27Ja88)
Chesterfield Properties PLC5.25%(Net) Cnv Cum Prf £1 – 81 3 (25Ja88)
City Site Estates PLC7% Cnv Uns Ln Stk 2005/06 – £104
Estates Property Investment Co PLC7¾% Uns Ln Stk 89/92 – £83 (26Ja88)
Great Portland Estates PLC9.5% 1st Mtg Deb Stk 2016 – £91⅞ (26Ja88)
Green Property Co PLCOrd Ir£0.25 – I£1.1 (27Ja88)
Greenhaven Securities Ln8½% 1st Mtg Deb Stk 83/88 – £99 (22Ja88)
Greycoat Group PLC12.85% Uns Ln Stk 90/92 – £103 (22Ja88)

Insurance

Investment Trusts

Plantations

Railways

Shipping

Utilities

Water Works

13% Red Deb Stk 1994 – £111½ (22Ja88)
14% Deb Stk 1992 – £113 (22Ja88)
Rickmansworth Water Co4% Cons Deb Stk – £33 (26Ja88)
South Staffordshire Waterworks Co8¾% Red Deb Stk 98/2000 – £91½ 2
Sunderland & South Shields Water Co – £180 (27Ja88)
Tendring Hundred Waterworks Co4.2%(Frmly 6%)Prf £10 – 300 (26Ja88)

USM Appendix
No. of bargains included 667

AmBrit International PLC0% Cnv Uns Ln Stk 1996 – £86½ (26Ja88)
Avesco PLCCum Ptg Cnv Red Prf 1997 1p – 77
Citygrove PLC7.75% Cum Cnv Red Prf £1 – 107 8 9
Cramphorn PLCOrd 50p – 295 (22Ja88)
Ecobric Holdings PLC12½% Cnv Uns Ln Stk 88/90 – £90
Gibbs Mew PLCOrd 25p – 215 (25Ja88)
Hatfield Estates PLCOrd 10p – 112 (22Ja88)
Heavitree Brewery PLC"A" Lim Vtg Ord 25p – 650
Hornby Group PLCOrd 5p – 138 (26Ja88)
Johnson Fry PLCOrd 10p – 87
Maxiprint PLCNew Ord 1p (Fp/PAL–10/2/88) – 39 40
Pathfinders Group PLCOrd 5p – 24 5 6
Randsworth Trust PLC7% Cum Cnv Red Prf £1 – 85 8 (27Ja88)
Rivlin PLC5.125% (Net) Cnv Cum Red Prf £1 – 75 5
Ross Consumer Electronics PLCOrd 10p – 155 (26Ja88)
Sharp & Law PLC8.5% Cum Red Cnv Prf 10p (Nil Pd–3/2/88) – 5 9
Splash Products PLCOrd 10p – 75
Travien Holdings PLCOrd 10p – 61 (27Ja88)
URS International IncShs of Com Stk $0.01 – 53
Wiltaire Systems PLCFixed Rate Cnv Cum Red Prf 2p – 113 5 (26Ja88)
Yelverton Investments PLC8% Cnv Uns Ln Stk 1997 – £80⊕

The Third Market Appendix
No. of bargains included 96

Norton Group PLCOrd 5p – 25½ 6 6 9 30

RULE 535 (4) (a)
Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

ACI Intl. A$3.838 (27/1)
Aberfoyle A$4,4.05
Abitibi-Price £11.2 (25/1)
ACMEX Holdings 100
Acorn Securities 18,20,21,23, A$0.505,0.512
Amatil A$6.939 (27/1)
America Barrick Resources Corp Com NPV £10⅞ $19½,19⅝ C$25.175
Ames Department Stores 680
Amsterdam Rotterdam Bank FL55.2 (27/1)
Applied Magnetics Corp $11¼⊕ (22/1)
Associated Manganese Mines of SA £27½ R149 (25/1)
Aust. Foundation Inv 40
Aust. Oil & Gas 32⊕30
Aust. Pacific Resources A$0.229
C.S.F. (Thomson C.S.F.) FR125.35⊕ (25/1)
Cape Range Oil 15⊕ (26/1)
Central Norseman Gold A$1.08⊕1.046,1.085,1.113
Churchill Resources 15⊕ A$0.35 (26/1)
Conex Aust 3 (27/1)
Cons. Resources A$0.029 (27/1)
Development Bank of Singapore S$9.7 (22/1)
Devex A$0.4
Du Pont $80.29,80.54,80.665
Equity Silver Mines 227⊕ (26/1)
Free State Cons Gold Mines 615⊕
Golconda Minerals A$0.35
Greenwood Resources 9¾ (27/1)
Groupe Bruxelles Lambert BFR2479
Haoma North West 5½
Harland (John H) Co £10.95 (22/1)
Horizon Pacific A$0.415 (25/1)
Hunter Resourses 23⊕ A$0.502
Industrie-Werke Karlsruhe-Augsburg DM171.3
Japan Air Lines Co Y13130.555⊕
Jardine Securities 79 (27/1)
Jones (David) 210⊕ (26/1)
Kollmorgen Corp 602 (26/1)
Kulim Malaysia Ord 20⊕
Lafarge Corp 687½ (25/1)
Loral Corp £17⅛ (27/1)
Malaysian Airline System 102⊕
Matsushita Electric Industrial $17.2 Y2210 (27/1)
Mid-East Minerals 17
National Electronics (Consolidated) 6⊕
Nationale-Nederlanden CVA £14.3,14.37 FL4765
Nexus Resourses 105⊕100
North Flinders Mines A$5.882
Ocean Resources 35 (22/1)
Oil Search 27⊕31⊕
Pancanadian Petroleum £11.15⊕ (22/1)
Petro Energy A$0.041
Pioneer Electronic Y2665⊕
Poseidon 90½⊕ A$2.28⊕2.3⊕2.392
Pretoria Portland Cement 250⊕
Quaker State $16⅞⊕ (25/1)
Regal Hotels (Hldgs) 15 (22/1)
Rorer Group $53.225⊕ £29½ (27/1)
Royex Gold Mining C$4.9⊕
Selangor Coconuts M$2.13
Sensormatic Electronics $9⅝
Service Corp Int £13.4⊕ (22/1)
Sky Line Exploratn 525
Societe Nationale Elf Aquitaine FR241⊕240,243
Sonora Gold 342⊕347 (26/1)
Source Perrier FR495
Southwest Gold mines 5 A$0.091 (27/1)
Sun Hung Kai Properties HK$8.7⊕ (27/1)
Target Petroleum 12
Terrex Resourses 4
Vereeniging Refractories 200 R10½ (22/1)
Victoria Exploration A$0.101 (27/1)
Village Main Reef 100⊕ R5½ (27/1)
Voltan Minerals 18⊕
Westfield Minerals 115 (27/1)
Wharf Hldgs HK$6.45⊕

RULE 535 (2)
Applications granted for specific bargains in securities not listed on any exchange

Adnams & Co. £15.50
Ann Street Brewery 680,90
Bolton House Invs. 70,5
Carraun 11,3 (27/1)
Celltech 410 (26/1)
Channel Hotels 170 (22/1)
Channel Island Communications 450
Fredericks Place 66½
Do. Con. Defd. 5¼
Gale (George) 380,90
Jersey Gas Light 3% Cum. Prf. 27 (22/1)
Jersey New Waterworks 10% Hok Debs. Bds. 88/90 £98 (22/1)
Kunick Leisure 40,1 (26/1)
Le Riches Stores 400,3 (27/1)
Manchester Utd FC 410 (26/1)
Rangers FC £13 (26/1)
Shepherd Neame 445,50 (26/1)
Southern Newspapers 300
Spencer (Aberdeen) 55 (22/1)
Star Offshore Services 15½
Sutton Harbour Improvement 420 (22/1)
Weetabix A 375 (25/1)
Wolverhampton Racecourse 260 (26/1)

By Permission of the Stock Exchange Council

LEADERS AND LAGGARDS

Percentage changes since December 31 1987 based on Thursday January 28 1988

Shipping & Transport	+ 10.19	Industrial Group	+ 4.46
Conglomerates	+ 8.76	Publishing & Printing	+ 4.49
Contracting,Construction	+ 8.75	Banks	+ 4.36
Leisure	+ 8.33	Financial Group	+ 4.12
Mechanical Engineering	+ 8.17	Consumer Group	+ 3.90
Investment Trusts	+ 8.01	Insurance(Life)	+ 3.82
Overseas Traders	+ 7.88	Stores	+ 3.80
Oil & Gas	+ 7.82	Insurance(Brokers)	+ 3.59
Health & Household Products	+ 7.32	Insurance(Composite)	+ 3.21
Motors	+ 5.98	Merchant Banks	+ 2.90
Property	+ 5.82	Metals & Metal Forming	+ 2.69
Agencies	+ 5.53	Other Industrial Materials	+ 2.48
Telephone Networks	+ 5.14	Electronics	+ 2.38
Other Groups	+ 3.90	Chemicals	+ 1.75
500 Share Index	+ 4.91	Textiles	+ 1.70
Capital Goods	+ 4.87	Food Retailing	+ 1.58
Building Materials	+ 4.85	Packaging & Paper	+ 0.79
All Share Index	+ 4.77	Brewers and Distillers	- 0.05
Food Manufacturing	+ 4.61	Mining Finance	- 5.80
Electricals	+ 4.47	Gold Mines Index	- 13.15

RISES AND FALLS

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	33	63	17	335	195	47
Corporations, Dom. and Foreign Bonds	1	15	37	76	42	147
Industrials	543	296	719	2,312	1,781	3,732
Financial and Props	224	88	325	920	637	1,620
Oils	51	18	43	149	145	266
Plantations	6	1	6	9	6	50
Mines	43	56	98	173	276	532
Others	131	42	83	477	350	447
Totals	1,032	579	1,328	4,451	3,432	6,841

BANK RETURN

BANKING DEPARTMENT	Wednesday January 27, 1988		Increase (+) or decrease (-) for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	90,035,451	-	7,441,383
Bankers Deposits	1,058,176,897	-	4,596,789
Reserve and other Accounts	1,953,429,412	+	9,724,055
	3,116,194,760	-	2,318,117
ASSETS			
Government Securities	476,200,051	-	158,194,909
Advance and other Accounts	900,619,454	+	99,480,194
Premises Equipment & other Secs	1,727,826,369	+	56,988,452
Notes	11,190,782	-	598,463
Coin	358,104	+	10,699
	3,116,194,760	-	2,318,117
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	13,178,809,218	+	10,598,463
Notes in Banking Department	11,190,782	-	598,463
	13,190,000,000	+	10,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	2,764,067,274	-	894,480,617
Other Securities	10,414,917,626	+	904,480,617
	13,190,000,000	+	10,000,000

BASE LENDING RATES

	%		%		%
ABN Bank	8½	Citibank NA	8½	Nat Bk. of Kuwait	8½
Adam & Company	8½	City Merchants Bank	8½	NatWestminster	8½
AAB - Allied Arab Bk	8½	Clydesdale Bank	8½	Northern Bank Ltd	8½
Allied Irish Bank	8½	Comm.Bk.N.East	8½	Norwich Gen. Trust	8½
American Exp.Bk	8½	Consolidated Cred	8½	PK Finans. Int(UK)	9
Amro Bank	8½	Co-operative Bank	*8½	Provincial Trust Ltd	9½
Henry Ansbacher	8½	Cyprus Popular Bk	8½	R. Raphael & Sons	8½
ANZ Banking Group	8½	Dunbar Bank PLC	8½	Roxburghe G'rantee	9½
Associates Cap Corp	10	Duncan Lawrie	8½	Royal Bk of Scotland	8½
Authority Bank	8½	Equatorial Bank plc	8½	Royal Trust Bank	8½
B & C Merchant Bank	8½	Exeter Trust Ltd	9	Smith & Williamson Secs.	8½
Banco de Bilbao	8½	Financial & Gen. Sec	9	Standard Chartered	8½
Bank Hapoalim	8½	First Nat. Sec. Ltd.	9½	TSB	8½
Bank Leumi (UK)	8½	● Robert Fleming & Co.	8½	UDT Mortgage Exp	◊10.2
Bank Credit & Comm	8½	Robert Fraser & Ptnrs.	9½	United Bk of Kuwait	8½
Bank of Cyprus	8½	Girobank	8½	United Mizrahi Bank	8½
Bank of Ireland	8½	Grindlays Bank	8½	Unity Trust Bank Plc	8½
Bank of India	8½	● Guinness Mahon	8½	Western Trust	8½
Bank of Scotland	8½	HFC Trust & Savings	8½	Westpac Bank Corp.	8½
Banque Belge Ltd	8½	● Hambros Bank	8½	Whiteaway Laidlaw	9
Barclays Bank	8½	Heritable & Gen Inv Bk	8½	Yorkshire Bank	8½
Benchmark Bank PLC	8½	● Hill Samuel	§8½		
Berliner Bank AG	8½	C. Hoare & Co.	8½		
Brit Bk of Mid East	8½	Hongkong & Shangh	8½		
● Brown Shipley	8½	Lloyds Bank	8½		
Business Mtge Tst	8½	Meghraj Bank Ltd	8½		
CL Bank Nederland	8½	Midland Bank	8½		
Central Capital	8½	● Morgan Grenfell	8½		
● Charterhouse Bank	8½	Mount Bnkg Corp.	8½		

● Members of the Accepting Houses Committee. * 7 day deposits 3.50% Savewise 6.16%. Top Tier-£2,500+ at 3 months' notice 7.81%. At call when £10,000+ remains deposited. ◊ Mortgage base rate. § Demand deposit 3.49%. Mortgage 10% - 10.25%

EUROPEAN OPTIONS EXCHANGE

Series		Feb. 88 Vol	Last	May 88 Vol	Last	Aug. 88 Vol	Last	Stock
GOLD C	$ 460	214	9	110	21.50	-	-	$ 457.80
GOLD C	$ 480	14	2.50	55	12.50	-	-	$ 457.80
GOLD C	$ 500	6	0.90	22	6	-	-	$ 457.80
GOLD C	$ 520	6	0.80	50	4	-	-	$ 457.80
GOLD P	$ 430	140	1	175	4	-	-	$ 457.80
GOLD P	$ 440	295	3.50	41	7.70	30	10	$ 457.80
GOLD P	$ 460	127	7	47	15.50	74	16.50	$ 457.80
GOLD P	$ 480	142	22	41	23 B	12	27	$ 457.80
GOLD P	$ 500	179	42	-	-	20	42 B	$ 457.80
		Feb. 88		Mch. 88		Apr. 88		
EOE Index C	FL 155	17	22	-	-	-	-	FL 176.17
EOE Index C	FL 165	46	11.50 B	2	14.80	-	-	FL 176.17
EOE Index C	FL 170	6	8.40 B	-	-	-	-	FL 176.17
EOE Index C	FL 175	73	4.70	-	-	-	-	FL 176.17
EOE Index C	FL 180	79	3	44	6	15	8	FL 176.17
EOE Index C	FL 185	460	1.60	13	4	-	-	FL 176.17
EOE Index P	FL 155	13	0.60	-	-	-	-	FL 176.17
EOE Index P	FL 165	35	1.50	42	3.40 B	2	5.30	FL 176.17
EOE Index P	FL 170	185	2.70	111	5.50	15	7.80	FL 176.17
EOE Index P	FL 175	44	4.30	135	7.90	-	-	FL 176.17
EOE Index P	FL 180	7	7.70	-	-	-	-	FL 176.17
$/FI C	FL 190	59	1.30	15	2.20	-	-	FL 188.28
$/FI C	FL 200	-	-	20	0.50	-	-	FL 188.28
$/FI C	FL 205	-	-	10	0.30 A	-	-	FL 188.28
$/FI P	FL 185	-	-	15	2.50	-	-	FL 188.28
$/FI P	FL 190	-	-	40	4.70	-	-	FL 188.28
$/FI P	FL 215	-	-	10	28	-	-	FL 188.28
		Apr. 88		Jul. 88		Oct. 88		
ABN C	FL 40	139	1	22	1.50	143	2	FL 37
ABN P	FL 35	68	1.10	10	2.10	7	3.50	FL 37
AEGON C	FL 65	48	1.70 A	10	2.50	-	-	FL 59.10
AHOLD C	FL 70	31	4.20	-	-	-	-	FL 70.70
AHOLD P	FL 70	7	3.20	-	-	-	-	FL 70.70
AKZO C	FL 90	682	5.60	59	7.60	-	-	FL 89.60
AKZO P	FL 90	156	4.90	62	10.20	52	11.90	FL 89.60
AMEV C	FL 40	32	1.60	3	2.70 B	-	-	FL 38.40
AMRO C	FL 60	81	1.30	53	2.20	-	-	FL 56.40
AMRO P	FL 55	42	2	-	-	-	-	FL 56.40
ELSEVIER C	FL 45	289	3	126	4.50	-	-	FL 44.70
ELSEVIER P	FL 40	34	1.50	22	3.10 A	3	4.50	FL 44.70
GIST-BROC. C	FL 25	264	1.80	20	2.60	-	-	FL 25.10
GIST-BROC. P	FL 25	203	1.70	5	2.80	-	-	FL 25.10
HEINEKEN C	FL 120	50	6.80	8	10.50	-	-	FL 118.70
HEINEKEN P	FL 110	30	3 A	2	5.50	-	-	FL 118.70
HOOGOVENS C	FL 40	5	0.20	60	0.70	-	-	FL 25.90
HOOGOVENS P	FL 25	7	1.70	13	2.50	-	-	FL 25.90
KLM C	FL 30	78	1.60	362	2.80	10	3.80	FL 28.70
KLM P	FL 27.50	35	1.50	73	2.50	2	3.50	FL 28.70
NEDLLOYD C	FL 200	148	7.70	3	13.30	-	-	FL 175.50
NEDLLOYD P	FL 160	71	10	2	14.50	-	-	FL 175.50
NAT.NED. C	FL 50	460	2	265	3.30	-	-	FL 49.20
NAT.NED. P	FL 45	222	1	-	-	-	-	FL 49.20
PHILIPS C	FL 25	154	1.40	105	2	4	3.20	FL 24.70
PHILIPS P	FL 25	202	2.40 B	-	-	50	3.70 A	FL 24.70
ROYAL DUTCH C	FL 220	1080	4.50	43	7.10	172	10.60	FL 212.40
ROYAL DUTCH P	FL 200	548	3.10	37	9	23	13.60	FL 212.40
ROBECO C	FL 95	-	-	15	1.80	-	-	FL 84.20
ROBECO P	FL 80	10	3.20	-	-	-	-	FL 84.20
UNILEVER C	FL 110	417	5 A	99	8.40	-	-	FL 108.70
UNILEVER P	FL 100	165	2.50	16	5.20	7	8	FL 108.70

TOTAL VOLUME IN CONTRACTS : 35,011

A=Ask B=Bid C=Call P=Put

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Bid Price | Offer Price | + or - | Yield Gross

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Schlesinger Asset Management Ltd

Scottish Equitable Fund Mgrs. Ltd(z)

Scottish Life Investments(x)

Scottish Mutual Investment Managers Ltd

Scottish Provident Inv. Mgt. Ltd

Trades Union Unit Trust Managers

Trident Fd Mngrs. Ltd.

Tyndall Unit Trust Managers Limited

UK Unit Trust Managers Ltd

Unit Trust Account & Mgmt. Ltd

United Charities Unit Trusts (a)(c)(z)

Vanguard Trust Managers Ltd

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941
Life Assurance Funds

Wealth Assur.	368.8	388.3	—	—
Eb'r Ph. Eq.	334.1	356.5	—	—
Pension Plan Funds				
Phoenix				
UK Equity Acc.	161.9	170.4	+1.8	—
International Acc.	122.5	128.7	+0.6	—
Property Acc.	122.9	129.3	—	—
Fixed Interest Acc.	152.2	160.2	+0.5	—
Money Acc.	135.7	142.8	+0.5	—
Bldg. Soc. Link Acc.	132.7	139.6	+0.5	—
Special Mngd. Acc.0	143.2	150.7	+1.1	—
Phoenix/Framlington				
Intnl. Growth Acc.	81.1	85.3	+0.2	—
Amer. & Gen. Acc.	74.2	78.1	−0.1	—
Capital Tst. Acc.	171.9	180.9	+0.4	—
Japan & Gen Acc.	171.0	180.0	+1.0	—
American Turn. Acc	74.2	78.1	−0.1	—
Recovery Tst. Acc	159.3	167.6	+0.5	—
Special Mngd Acc	136.0	143.1	+0.5	—
Phoenix/GT				
International Acc.	119.2	125.4	—	—
US & General Acc	87.2	91.7	−0.1	—
Amer Spec Sits Acc	59.7	62.8	+0.4	—
Japan & General Acc	163.5	172.1	+1.8	—
Far East & Gen. Acc.	133.5	140.5	+0.7	—
UK Capital Acc.	168.6	177.4	+1.8	—
European Acc	127.1	133.7	−1.5	—
Special Mngd. Acc.	121.2	157.6	+0.5	—

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

Managed Fund	265.1	279.1	—	—
Max Pens Inc & Cap Fds	339.7	357.6	—	—
Money Fund	111.0	116.9	—	—
Pens. Mngd Fd (Init)	83.7	88.2	—	—
Pens Mngd Fd (Acc)	93.6	98.6	—	—
Pens FT30 Fd (Init)	126.9	133.6	—	—
Pens FT30 Fd (Acc)	141.8	149.3	—	—
Pens O'seas MgFd(Init)	52.8	55.6	—	—
Pens O'seas MgFd(Acc)	59.1	62.3	—	—
Pens Fxd Int Fd (Init)	106.8	112.5	—	—
Pens Fxd Int Fd (Acc)	119.4	125.7	—	—
Pens Deposit Fd (Init)	100.7	106.0	—	—
Pens Deposit Fd (Acc)	112.5	118.5	—	—

Premium Life Assurance Co Ltd
Eastchester House, Haywards Heath 0444 458721

American	82.0	87.0	+0.5	—
Building Soc. Fd.	158.0	167.0	+0.5	—
Balanced	227.0	239.0	—	—
Deposit	157.0	166.0	—	—
European	112.0	118.0	−0.1	—
GT Managed	144.0	152.0	—	—
Gartmore Mngd	93.0	98.0	−0.1	—
German	93.0	99.00	+0.5	—
Gilt	163.0	172.0	—	—
High Inc.	115.0	122.0	−0.1	—
International Equity	148.0	156.0	+0.5	—
Japan	195.0	206.0	—	—
Managed	49.0	52.0	—	—
Property	241.0	254.0	+0.5	—
R. W. Imperial Gold	109.0	115.0	+0.5	—

Prudential Assurance Co
Holborn Bars, London EC1N 2NH 01-405 9222
Prufund

Managed Jan 27	193.5	201.6	—	—

Prudential Holborn Life Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed Fd.	428.0	450.6	+3.3	—
Equity Fd.	875.4	921.5	+8.5	—
Intnl. Fd.	293.5	309.0	+2.6	—
Fixed Int. Fd.	361.1	380.2	+1.0	—
Prop. Fd.	302.7	318.7	—	—
Cash Fd.	233.2	245.4	—	—
Pacific Basin Fd.	161.5	170.1	—	—
North American Fd.	116.6	122.8	+1.9	—
European Fd.	126.1	132.8	−0.8	—
Holborn Balanced Gwth Fd	—	—	—	—
Holborn Strategic Gwth Fd	—	—	—	—

Prudential Holborn Pensions Ltd
30 Old Burlington St, London W1X 1LB 01-439 3134

Managed	450.4	474.2	—	—
Equity	650.9	685.2	+8.3	—
Global Equity	184.2	193.9	—	—
Fixed Interest	368.8	388.3	+1.1	—
Property	302.1	318.0	+0.1	—
Cash	157.3	144.6	—	—
Index Linked Gilt	158.4	166.8	−0.1	—
Guaranteed	8.55	9.25	—	—
International Money	188.3	198.3	+0.5	—
North American Fd	51.8	54.6	—	—
Japanese Fund	113.6	119.6	—	—
European Fund	68.7	72.4	—	—
Special Situations Fd.	93.1	98.1	—	—
Communications Fund	75.2	79.2	—	—
Smaller Cos Fund	95.8	100.9	—	—

Prudential Pensions Limited
Holborn Bars, London EC1N 2NH 01-405 9222

Discretry Jan 27	£119.62	129.94	+0.76	—
Equity Fund Jan 27	£129.49	138.41	+0.87	—
Intntl Fund Jan 27	£19.58	20.20	+0.05	—
Intl Bond Fd Jan 27	£10.45	10.59	+0.09	—
Fixed Int Jan 27	£65.46	66.27	+0.44	—
Index Linked Jan 27	£47.52	48.21	+0.27	—
Property Fund Jan 27	£77.90	82.60	+0.91	—
Cash Fund Jan 27	£18.0842	18.0842	+0.0046	—
Pru-Linked Retirement Pens				
Managed Fd Jan 28	300.8	313.4	—	—
Cash Fund Jan 28	171.7	178.9	—	—
Prudential Pensions Investment Account				
Pens Man Fd Jan 29	125.7	132.4	—	—
Pens UK Eq Fd Jan 29	229.2	241.3	+2.6	—
Pens Itl Fd Jan 29	143.4	151.0	+2.7	—
Pens Fxd Jan 29	150.6	158.6	+1.5	—
Pens Index Lk Jan 29	124.5	131.1	+1.4	—
Pens Cash Fd Jan 29	112.4	112.4	—	—

Regency Life Assurance Co Ltd

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS – Contd

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1987/88 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
53	42	Greek 7pc Ass.	45		3.50	17.42
52	40	Do. 6pc 28 Stb. Ass.	45		3	16.37
50	45	Do 4pc Mixed Ass.	45		2	14.44
72	58	Hung. '24 Ass.	72		2.75	13.47
146½	122⅞	Hydro Quebec 15pc 2011	[illegible]	[illegible]	15.00	10.75
136¼	115½	Iceland 14½pc Ln 2016	[illegible]	[illegible]	14.50	11.52
103½	94	Ireland 9¾pc '91–96	97¾		9.75	9.90

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS – Contd

1987/88 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
39	21	Rep NY Corps $5	23⅞	+¼	$1.20	–	2.8
[illegible]	8¾	Rockwell Intl. $1	10	+⅜	66c	–	3.6
[illegible]	16¼	Sara Lee $1(1/3)	21xd	+⅛	$1.00	–	2.6
[illegible]	8¼	Saul (B. F.) $1	10⅛	+⅛	20c	–	1.1
[illegible]	[illegible]	Southwestern Bell $1	23½	+1	t$2.52	–	5.9
[illegible]	994p	♥Staley Continental‖	12	+½	80c	–	3.7
[illegible]	21⅝	Sun Co. Inc. $1	29⅞	+⅜	$3.00	–	5.5
42	22¼	TRW Inc. $0.625	27¾	+¾	h$1.60	–	3.2
[illegible]	21	Tenneco $5	22½xd	—	$3.04	–	7.4
220	149½	Do. 10pc Ln.Stk. 91-5	155		10%	–	f4.7
[illegible]	15⅞	Texaco $6.25	20¾	+¼	[illegible]	–	7.9
[illegible]	36½	Time Inc. $1	47¼	+⅜	[illegible]	–	1.2
[illegible]	15	Transamerica $1	18⅛	+¼	[illegible]	–	5.6
[illegible]	1¼	Transworld Corp $5	832p	+3	[illegible]	–	1.3
[illegible]	12¼	TRINOVA Corp	16½	+¼	[illegible]	–	1.9
[illegible]	12⅝	♥USX $1	17⅛		[illegible]	–	3.8
[illegible]	16¾	Utd. Technologies	21⅜	+⅛	[illegible]	–	3.6
[illegible]	25¾	US West‖	30⅜	+⅝	[illegible]	–	5.9
[illegible]	17¼	Waste Management $1	20	+⅝	[illegible]	–	1.0
[illegible]	11⅝	Whirlpool $1.0	14⅜	–⅛	–	–	–
[illegible]	16½	♥Woolworth $3½	22¾	+½	[illegible]	–	3.2

CANADIANS

High	Low	Stock	Price	+ or –	Div	C'vr	Y'ld
[illegible]	227p	ABM Gold Corp ‖	249p	–4	–	–	–
[illegible]	10p	♥Abbot Energy Corp.	17½xd	—	–	–	–
[illegible]	506p	♥Amer. Barrick Res.	11⅛	+¼	–	–	–
14	4p	American Lightwave	4p	–½	–	–	–
[illegible]	33p	♥Ampeno	36p	+1	–	–	–
[illegible]	39½p	Augmitto Expln.	68p	+2	–	–	–
[illegible]	10⅝	Bk. Montreal ‖	11½		$2.00	–	7.7
[illegible]	480p	Bk. Nova Scot. ‖	550p	+14	72c	–	5.7
[illegible]	15	BCE ‖	16⅜	+⅛	$2.40	–	6.5
[illegible]	511p	♥Bow Valley ‖	663p	+15	♦40c	–	2.7
20	10¼	♥Brascan ‖	10⅝		88c	–	3.7
[illegible]	186p	♥Breakwater Res.	227p	+7	10c	–	1.9
[illegible]		[illegible]					

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES – Contd

1987/88 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
516	300	Pearl Group 5p	449	+9	†10.5	–	3.2	–
*£11¼	735	Prudential	865	+2	†29.0	–	4.6	–
598	350	Refuge 5p	450	+5	15.75	–	4.8	–
595	395	Royal	415	+5	†h15.5	–	5.1	–
110	65	Sabre Ins. Invs.	75		–	–	–	–
*345	168	Sedgwick Group 10p	223	–1	12.0	2.7	7.7	9.2
339	198	Steel Burrill J.10p	175	+2	†9.0	2.0	7.0	9.8
672	303	Sturge Hldgs 20p	320xd		8.5	♦	3.7	♦
£12⅝	645	Sun Alliance	846	+18	†23.5	–	3.7	–
£13	865	Sun Life 5p	£10¼		†28.5	–	3.6	–
£64¼	£36¼	♥Taisho M EDR	£59½	+½	♥Q30%	–	0.8	–
£22¼	£12⅝	Torchmark $1.00	£15⅜	+½	Q$1.00	–	3.5	–
410	255	Trade Indemnity	367		†4.5	–	1.6	–
£34	£17⅝	Travelers $1.25	£21⅞	+⅛	$2.28	–	5.7	–
£30⅝	£15⅝	USF & G Corp $2.50	£18⅝	–⅛	Q$2.48	–	7.4	–
£33¼	£15⅝	USLIFE Corp. $1.0	£18⅜	+⅛	Q$1.28	3.2	3.8	8.2
738	525	Willis Faber 12½p	538	–15	21.4	–	5.4	–
464	192	♥Wind Friendly 8 10p	235	+1	†10.75	2.4	6.3	8.9
120	42	♥Windsor Secs. 10p	90xd	–5	0.8	♦	1.9	♦

LEISURE

1987/88 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
35½	10	♥A & M Group 10p	15		–	–	–	–
242	77	Airsure 10p	117xd	–3	[illegible]	1.4	4.3	13.6
*540	255	Anglia TV	406	+3	[illegible]	♦	[illegible]	♦
194	77	♥Aspinall Hldgs. 10p	143		[illegible]	[illegible]	[illegible]	22.3
141	62	♥Avesco 1p	85	+4	[illegible]	[illegible]	[illegible]	24.0
72	45	♥BCE Hldgs 5p	44		[illegible]	[illegible]	[illegible]	14.2
300	132	Barr & W.A.T. 'A'	197	+4	[illegible]	1.4	[illegible]	14.0
50	21	♥Bond Media	23		–	–	–	–
235	165	Boosey & Hawkes	172		–	–	–	–
83	28	♥Border T.V.	46	+2	[illegible]	[illegible]	4.3	23.2
*430	43½	Brent Walker 10p	332	+2	[illegible]	[illegible]	4.3	14.0
124	79	Do 6pc.Cv.Cm.Rd.Pf.	102	–1	[illegible]	–	[illegible]	–

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING – Contd

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES – Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND – Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS – Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES – Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

1987/88 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]								
133	56	Leading Leisure 5p	92	–2	0.9	3.1	1.3	26.6
95	55	Wyn Tech. 5p	60		b–	–	–	6.9
130	95	M.L. Laboratories 1p	121	+7	–	–	–	–
180	87	Medirace 10p	94	–1	–	–	–	–
98	38	♥Ovoca Gold IR 2p	46	+1	–	–	–	–
48	38	Propeller 1p	38		W–	–	–	11.9
*82	16	Publishing Hldgs 5p	20xr	+4	–	–	–	12.0
128	76	Saxon Hldgs	76		–	–	–	11.6
26	18	Stats Hldgs. 5p	22	–1	–	–	–	56.3
4½	3½	Swanyard Studios 1p	3½		–	–	–	18.5
87	38	Theme Holdings	53		1.0	1.9	2.6	28.4
36	28	Tomorrows Leisure 20p	32		–	–	–	12.4
210	128	UPL Group 10p	130		L2.41	2.8	2.5	19.5
140	103	Unit Group	140		R4.6	2.5	4.5	(10.0)
85	85	Video Tape Recording 5p	85		L2.3	2.3	3.7	12.2

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● Tap Stock
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♣ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p	68	
Craig & Rose £1	630	
Finlay Pkg. 5p	70	
Holt (Jos) 25p	£11½	
Iom Stm. £1	250	

Stock	Price	+ or –
Fin. 13% 97/02	£114⅛	
Arnotts	325	+10
CPI Hldgs	75	–5
Carroll Inds	145	
Hall (R. & H.)	105	
Heiton Hldgs	45	
Irish Ropes	120	
Unidare	300	

IRISH

Stock	Price	+ or –
Fund 11¼% 1988	£100⅝	
[illegible]		

TRADITIONAL OPTIONS

3-month call rates

Industrials

[illegible]

Property

[illegible]

Oils

[illegible]

Mines

[illegible]

A selection of Options traded is given on the London Stock Exchange Report Page

FINANCIAL TIMES
Saturday January 30 1988

NFC plans November flotation

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

THE BOARD of the National Freight Consortium, the employee-owned transport and distribution group, is to go ahead with plans for a stock market flotation.

Sir Peter Thompson, the NFC chairman, is expected to announce the decision on Tuesday, when the group will reveal a big increase in profits for the fifth successive year.

The recommendation will require approval by NFC's 35,000 shareholders, including 22,000 employees, at the annual meeting in Blackpool in late February. Details of the flotation are still being worked out, but the board is thought to have pencilled in November as the most likely date.

Several options have been considered, including a straightforward application for a listing for the existing shares. Such a move would be possible because NFC's unusual shareholding structure would meet Stock Exchange requirements that quoted shares should be widely held.

However, the board is more likely to use the flotation as an opportunity to raise additional capital by issuing new shares. This would imply some dilution of the existing employee holding of about 83 per cent, but the issue would be structured to maintain more than half the stock in employee hands. Institutions hold about 17 per cent of the existing stock.

An opinion poll carried out for the company last year indicated that flotation was favoured by 50 per cent of shareholders, representing about 70 per cent of the stock. Research for the poll was carried out before the stock market collapse in October and enthusiasm is thought to have waned slightly since then.

The board is understood to be planning an information campaign to explain to shareholders the advantages of flotation. This will stress NFC's requirement for access to new capital to finance continued growth.

NFC shares, which are traded quarterly at valuations set by stockbrokers Phillips and Drew, were marked down at the last dealing day, from 135p to 117½p, in response to Black Monday. This is 47 times the value of the initial £1 shares, after accounting for a series of bonus issues.

The average initial investment of £700 is now worth £32,900 and the value of the company has increased from £8m to just under £380m.

Phillips and Drew values NFC at a discount to ths price commanded on the Stock Exchange by similar companies, indicating that the shares could open at a substantial premium.

NFC was sold to an employee buy-out consortium led by Sir Peter Thompson in 1982, as part of the Government's privatisation programme.

The group reported pre-tax profits of £37m in 1985-86, compared with £10m in the first year after privatisation. Interim profits were up 27 per cent in the first half of last year, to £16m, and the full year result is expected to show a similar increase.

Currie call to choose operations instead of holidays

By Peter Riddell, Political Editor

A THREEFOLD and speedy increase in the size of the private health sector was advocated yesterday by Mrs Edwina Currie, the outspoken junior health minister.

In a speech in Southampton intended to push radical solutions in the newly-launched government review of health provision, Mrs Currie suggested that people with cash to spare might postpone a second holiday and use the money for a non-urgent operation – or they might put off decorating the living room and get their teeth done instead.

People should be encouraged to think about choices in health care in place of what she called the present apathy factor, when people assnmed free treatment. She felt they would also pay more attention to their well-being when their self-induced ill health was paid for by themselves, rather than by their neighbours.

Mrs Currie said that if the gap between increased demand for health care and possible increases in public provision was to be filled, the private sector would have to grow a great deal. "It stands at about £700m turnover (a year) now. We could be asking it to grow to £2bn or more in a comparatively short space of time."

If, in addition, the private sector was asked to take some of the existing public burden, "then we are talking about a thumping big growth the like of which we have never seen in this country before."

Similar themes were developed last night in Farnborough, Hants, by Mr John Moore, the Social Services Secretary, who said the "searching review" ruled nothing out. In the short-term the aim was to improve value for money and, in the longer-term, to ensure that health care reflected what people wanted.

Mr Moore said the Government wanted people "to feel free to contribute, if they wish, to private insurance – just as they are free to pay for private transport, or a telephone at home, or a foreign holiday."

THE LEX COLUMN

The Budget casts a long shadow

Yesterday's reminder from the Governor of the Bank of England about the pressure for higher interest rates made no impression either on gilts or the money market. There is no question, though, that the interest rate outlook is still the main preoccupation of the markets, equities included. A consensus is emerging that base rates are likely to stay steady until the Budget, but there is no agreement at all on what happens then.

Internationally the drift in the past week has been downward, with modest cuts in European rates and a jump in US bond prices on the argument that the latest US GNP figures point to a slowdown this year.

Domestically the markets took heart from their own robust reaction to the distinctly poor December trade figures. For gilts and equities this was not wholly circular reasoning; both took their cue from the foreign exchange market, which appears to have held up on the slightly dubious premise that with consumer spending slowing and a cautious Budget in prospect the balance of payments cannot get any worse.

In seems, in fact, that the Budget is casting its spell over the markets already. It may well be that an imminent hike in base rates is not on; the authorities would probably like a couple of months' more data on the real economy after the crash, and sterling – despite the trade figures – is still holding up against the D-Mark.

After the Budget, the pessimists argue, the authorities may feel like retreating to a base rate band between 9 and 10 per cent, as a compromise between what the economy can bear and what the markets need as a guarantee against inflation. Alternatively, if Mr Lawson can come up with his expected surplus and the dollar is by then on another downward leg – which is not implausible – there might just be room for an interest rate cut.

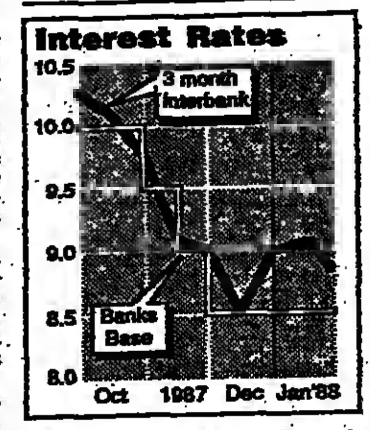
Meanwhile, equities are parked very much on the sidelines; despite a slight upturn in the past two days, volume has been ominously low for most of the week. Barring external stimulus or a sudden explosion by a market desperately short of business, it could be a grim February.

Britoil

Arco's decision to end the battle for Britoil by firmly pledging its stake to BP might be interpreted as a triumph of impatience over greed. More likely, however, Arco reasoned that the risk was negligible of a rival bidder with £3bn to spare suddenly emerging from nowhere. And now that it has shifted its attention to Tricentrol, it may be keen to tie things up as quickly as possible with Britoil so as not to be seen juggling with the fate of two North Sea independents simultaneously.

One consequence of the deal is that the interests of Britoil and Arco, its erstwhile friend, are the same again. Both are hoping that BP can be persuaded to pay a touch more in return for an agreed offer – which must be worth something to Britoil's new owner given the existence of the golden share. To extract more money from a bidder after its offer has gone unconditional would be a suitably unusual end to a most extraordinary battle.

FT Index rose 5.7 to 1435.7



Standard Chartered

Standard Chartered's sale of its choice US assets may not be the quick fix to the bank's problems that the market had hoped for. Standard has sold the fourth largest bank in Arizona at a more than respectable 50 per cent premium to book value; but viewed from almost any other angle the deal looks less than a triumph.

Most worrying is the suspicion that Standard decided to sell the Arizona bank independently from the larger Union Bank of California because it was having trouble finding a buyer for the whole. The longer Union dangles unsold, the more optimistic earlier estimates of $1bn for both banks start to look.

While Standard has extracted from Citicorp a decent premium to assets, $200m-odd seems less of a victory when compared to the $335m Standard paid for the bank just 12 months ago. It is able to claim a book profit on the deal, but only because it has already written off the considerable goodwill on the purchase. The small print of the deal also fails to reassure: Citicorp appears to have turned its nose up at part of the Arizona bank's loan portfolio, with the result that Standard is retaining $145m of loans along with its corresponding provision of $15m.

Meanwhile, the deal brings Standard only a pigeon step towards its goal of a strong balance sheet. It will take the sale of Union to put its equity to assets ratio on a par with the big four, and even then it may find itself at the bottom of the rankings when its weight of bad debt exposure should demand it a place at the top.

Super Bowl

When evangelism and American football meet on the turf at San Diego stadium tomorrow, the fate of Wall Street will hang in the balance. As the rival Denver Broncos and Washington Redskins gather together today to pray for the outcome of the Super Bowl championship – under the spiritual guidance of coaches Dan Reeves and Joe Gibbs, both followers of the Rev Billy Graham – they may be unaware that they are about to make or break stock market fortunes. Unless the so-called Super Bowl Indicator skips a beat, the direction of the market for the next 12 months will be determined by which team wins the championship.

According to the Super Bowl theory, the market will rise if a team from the old National Football League triumphs and fall if one from the now-defunct American Football League wins. So this year's bulls should root for the Skins, while bears should back the Broncs. If the bookies have got it right, Wall Street is in for another 12 months in the doldrums: yesterday's line from Las Vegas made Denver the favourites to win by 3½ points.

As cranky market indicators go, few have proved more accurate than this one: it has been right 19 out of the past 21 years. But when it's wrong, it's really wrong: last January's New York Giants win should have meant a strong market in 1987. The way things are looking at the moment, the bulls' best bet this year is either to pray for divine intervention, or hope that the Rev Graham is short of the market.

Bank set to continue with gilt auctions

By Simon Holberton

THE BANK of England appears set to continue with the US-style auction system of selling British Government debt following an endorsement of the method from senior representatives of the market's 24 primary dealers.

A final decision on the auction system will await consultations between the Bank and the Treasury but it is thought the Treasury is likely to be in favour of continuing with them.

Two senior Bank officials met the primary dealers on Thursday night. The dealers voted by a substantial margin to continue with the auction system.

At the meeting the Bank made clear its displeasure with recent press reports that it was not in favour of the auction system. Although it did not make any statements of its intentions, dealers said they were left in no doubt that the Bank wanted auctions to continue.

Auctions are not, however, expected to shoulder the major burden of the Bank's funding requirements in the foreseeable future. They are seen as a useful addition to its existing funding techniques. During the current financial year three experimental auctions raised £2.8bn compared with more than £10bn through tap issues and minimum price tenders.

Although the dealers voted in favour of auctions they asked the Bank to consider the issue of underwriting future auctions, and delayed settlement for primary dealers who participate in auctions.

The Treasury vetoed underwriting when auctions were first discussed early last year because it did not want to increase the cost of selling Government debt by paying fees to underwriters.

The decision of the dealers to seek the continuance of the auction system seems to represent a surprising change of heart by market makers who, only a few weeks ago, were suggesting it had failed and that the Bank's other methods of funding – tap issues and minimum priced tenders – were a more efficient and less disruptive way of issuing gilts.

With the exception of the first auction in May, the experiment was widely viewed as a failure. The last auction, earlier this month, was covered only 1.07 times, compared with an average cover of 2.5 times for auction in the US bond market.

Britoil's hopes of fending off hostile BP takeover bid fade

BY STEVEN BUTLER

BRITOIL'S HOPES of finding a "white knight" to save it from a hostile takeover bid by BP appeared to collapse yesterday when Atlantic Richfield, the US oil company, said it was now committed to sell its 24 per cent stake in Britoil to BP.

Arco also said it had added to its stake in Tricentrol, the independent British oil company, taking it to 14.8 per cent, and that it was considering whether to launch a full bid for the company.

The sale of Arco's Britoil shares would give BP a majority 64 per cent stake in the independent British oil company, virtually eliminating the possibility that Britoil would be able to convince another bidder to ride to the rescue with a higher offer.

Britoil yesterday urged shareholders to take no action on the BP offer pending a meeting of the Britoil board on Monday.

BP's majority stake in Britoil will not give it automatic control of the company. This is because the Treasury has vowed to use the voting rights associated with its special share to preserve Britoil's independence, so long as it remains in the "national interest" to do so.

The Treasury yesterday confirmed that it would now embark on discussions with BP, and separately with the Britoil board, about how it would exercise its voting rights.

BP has said that its bid for Britoil is not contingent on the outcome of any discussions. This raises the possibility of BP acquiring up to 100 per cent of Britoil shares without being able to appoint directors to the board.

Arco's announcement evidently caught Britoil by surprise. Only a day earlier, Britoil had issued its defence document and had said it was in talks with another company which had a "fair chance" of leading to a rival bid.

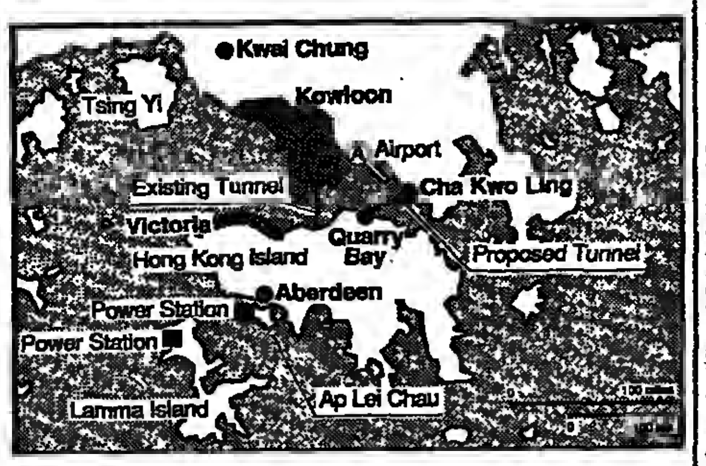
If Arco launched a full bid for Tricentrol, Elf Aquitaine would be free to increase its offer for the company. Elf, which now holds 8.03 per cent of Tricentrol, posted a final offer of 160p per share on Thursday. Analysts were divided over whether Elf would be willing to bid higher than 180p – the price at which Arco had purchased Tricentrol shares.

Tricentrol yesterday strengthened its effort to remain independent with the signing of a £300m finance package with Manufacturers Hanover Trust aimed at supporting its exploration and development activities. Tricentrol shares went up 8p to close at 195p.

● The Bank of England said yesterday that 10,969 acceptances, amounting to 38.58m shares, had been received for its buy-back scheme of partly-paid BP shares, which closed earlier this month. A total of 2.1bn shares had been sold. Most of these have been purchased through the market by the Kuwait Investment Office.

Hong Kong projects launched

BY DAVID DODWELL IN HONG KONG



MR LI KA-SHING, who heads four of Hong Kong's leading companies, yesterday unveiled two of the most ambitious housing projects ever launched in the territory, together costing HK$7.8bn (£568.7m).

The developments, which will involve relocation of oil and power generating installations, amount to a vote of confidence in Hong Kong's future by the territory's most formidable business figure.

The projects follow a tangled land swapping deal involving 30 agreements between the Hong Kong Government, Shell Oil, and six companies.

A number of areas blighted by industrial use will be improved significantly by the developments, which will provide momentum through the 1990s to a construction industry that is among the busiest in the world.

The deal involves land at Cha Kwo Ling, near Kaitak airport, and on the Ap Lei Chau island, to the south of Hong Kong island, and Tsing Yi island, near the Kwai Chung container port.

Shell is to close oil installations at the first two locations, moving them to Tsing Yi alongside facilities owned by Mobil and Hongkong Oil.

At the same time Hongkong Electric, monopoly supplier of power to Hong Kong island, will shut a 750 megawatt power station on Ap Lei Chau and relocate the plant on the more distant Lamma Island, where it has its main installation.

Land cleared by these moves will allow Cheung Kong, Mr Li's property holding company, to join its sister companies Hutchison Whampoa, Cavendish International and Hongkong Electric in two developments that will house a total of 70,000 people in the mid-1990s.

The 21½ acre development at Cha Kwo Ling will be finished in 1993 and will cost about HK$3bn. The remote industrial area will be transformed in two years by the completion of Hong Kong's HK$3.4bn second cross-harbour tunnel, whicb will emerge there to quicken road and rail access to the central business district.

The Ap Lei Chau housing development "will be one of the biggest and most prestigious" in Hong Kong, the company said yesterday. It will cost about HK$4.8bn and is expected to be complete by 1995.

Shell plans a HK$1.8bn depot on Tsing Yi island and expects this to be in operation by 1991.

Continued from Page 1

Masons

ers lured to Japan by the high value of the yen.

The EC delegation in Tokyo is investigating the problem with a view to making inquiries at Japan's Foreign Ministry, but a ministry official yesterday was dismissed the issue and refused to comment.

European diplomats in Tokyo, and the Japanese construction industry, are taking the matter seriously, however. Japanese imports of stone from Europe soared by more than 50 per cent last year to about 180,000 tons. Portugal, the leading supplier, says Japan is the fourth largest market for its marble and granite.

Construction industry executives say demand for high-quality stone masons is so great that all stone sub-contractors are booked for the next two to five years.

The workers they would like to bring in have all had long experience working for Japanese contractors overseas. Nonetheless, they have not yet been granted visas.

Mr Michael Lake for the EC delegation in Tokyo said yesterday: "We are aware that immigration is a domestic matter, but the situation regarding stonemasons is a bottleneck which is choking the flow of stone exports from Europe."

Mr Camilo Martins de Oliveira, commercial counsellor of the Portugese Embassy in Tokyo, said: "These Japanese companies hire Korean workers overseas. There is no reason for not having the same workers in Japan – it is to the advantage of Japanese industry."

Japan has one of the lowest foreign worker ratios among the developed countries: just 0.7 per cent of its population are foreigners. West Germany has more than 7 per cent foreign workers.

In spite of its low ratio, however, Japan is increasingly sensitive about granting more temporary work visas

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Allied-Lyons	351	+	7
BPB Inds.	269	+	9
Cable & Wireless	370	+	17
Emess	415	+	15
Fisons	267	+	8
Guinness	293	+	7
Haynes Publishing	448	+	30
London & Manchester	298	+	17
London International	299	+	11
Plumb Hldgs.	205	+	13
Polly Peck Intl.	289	+	9
Rosehaugh	635	+	30
Share Drug Stores	325	+	35
Stanhope	199	+	17
Sun Alliance	886	+	18
Tarmac	299	+	7
Tate & Lyle	810	+	15
Tricentrol	195	+	8
Waverley Cameron	500	+	57
Wigfalls	214	+	36
FALLS			
Dubilier	132	-	8
Finlay (Jas.)	92	-	5
Hall (Matthew)	123	-	24
Standard Chartered	535	-	15
Wholesale Fittings	420	-	8

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	R	14	57	Dallas†	S	10	50	Madeira	C	18	64	Prague	C	2	36
Algiers	S	19	66	Dublin	F	6	43	Madrid	C	11	52	Reykjavik	F	0	32
Amsterdam	C	15	50	Dubrovnik	C	14	57	Majorca	F	16	61	Rhodes	S	18	64
Athens	F	14	57	Edinburgh	C	4	39	Malaga	F	16	61	Rio de Janeiro		-	-
Bahrain	S	19	66	Faro	C	15	59	Malta	S	19	66	Rome	F	17	63
Barcelona	S	15	59	Florence	C	12	54	Manchester	C	5	41	Salzburg	F	10	50
Belfast	R	3	37	Frankfurt	C	10	50	Melbourne	S	38	100	S'Francisco†	S	11	52
Belgrade	S	11	52	Geneva	C	5	41	Mexico City		-	-	Santiago		-	-
Berlin	F	8	46	Gibraltar	F	16	61	Miami†	C	17	63	Seoul	S	-5	23
Biarritz	C	10	50	Glasgow	C	5	41	Milan	Fg	6	43	Singapore	F	31	88
Birmingham	C	5	41	Guernsey	F	7	45	Montreal†	F	-19	-2	Stockholm	Sn	-2	28
Blackpool	C	6	43	Helsinki	C	-8	18	Moscow	S	-15	5	Strasbourg	S	8	46
Bombay	S	31	88	Hong Kong	S	21	70	Munich	S	11	52	Sydney	S	27	81
Bordeaux	C	13	55	Innsbruck	S	13	55	Nairobi	F	28	82	Tangier	F	18	64
Boulogne		-	-	Inverness	C	3	37	Naples	F	16	61	Tel Aviv	F	17	63
Bristol	S	9	48	Isle of Man	S	5	41	Nassau		-	-	Tenerife	S	18	64
Brussels	S	8	46	Istanbul	F	11	52	Newcastle	F	7	45	Tokyo	S	14	57
Buenos Aires		-	-	Jersey	R	7	45	New Delhi	S	19	66	Toronto†	F	-10	14
Budapest	F	9	48	Johannesburg	S	28	82	New York†	F	-7	19	Tunis	S	22	72
Cairo	S	19	66	Las Palmas	F	20	68	Nice	C	11	52	Valencia	S	18	64
Cape Town	S	25	77	Leeds	Fg	5	41	Nicosia	S	17	63	Venice	F	11	52
Cardiff	C	6	43	Lisbon	C	15	59	Oporto	C	14	57	Vienna	C	4	39
Chicago†	C	-4	25	Locarno	S	3	37	Oslo	Sn	0	32	Warsaw	C	-5	23
Cologne	R	9	48	London	S	8	46	Paris	S	8	46	Washington†	C	-7	19
Copenhagen	Fg	3	37	Los Angeles†	S	11	52	Peking	S	1	34	Wellington	S	21	70
Corfu	F	17	63	Luxembourg	R	6	43	Perth	F	27	81	Zurich	C	6	43

C–Cloudy. Dr–Drizzle. F–Fair. Fg–Fog. H–Hail. R–Rain. S–Sunny. Sl–Sleet. Sn–Snow. T–Thunder.
† Noon GMT temperatures

German nuclear plant plans ruled invalid

BY DAVID MARSH IN BONN

WEST GERMANY'S plan to build a DM6.4bn (£2.15bn) commercial nuclear reprocessing plant to separate plutonium from burnt reactor fuel suffered a setback yesterday when a Munich court declared the development plans invalid.

The decision opens the prospect of a further long period of legal wrangling over the future of tbe plant, which was due to be built by 1996 at Wackersdorf, a rural area of Bavaria.

In a suit brought by a local farmer, the Bavarian administrative tribunal ruled that the planning provisions failed to guard adequately against dangers caused by radiation.

The ruling, which took nuclear supporters and opponents by surprise, was welcomed by anti-nuclear groups and the opposition Social Democratic Party.

But the plant's operator, the Deutsche Gesellschaft fur Wiederaufarbeitung von Kernbrennstoffen, said the decision would not stop construction because preliminary building work being carried out was not covered by the ruling.

Mr Wolfgang Baumann, the anti-nuclear lawyer handling the suit, said the ruling would affect the approval procedure for Wackersdorf.

The plant, a symbol of efforts by the Federal Republic's nuclear industry to catch up with Britain and France, has been surrounded by controversy since DWK decided to go ahead with work at the site in 1985. The aim of the project is to produce plutonium and reuseable uranium which can be separated from waste products and burned again in reactors.

The latest reversal comes amid a continuing political row over alleged irregularities in transport of nuclear waste, which are being investigated by state prosecutors. These allegations, focusing on the nuclear fuel company Nukem and its subsidiary Transnuklear, have been used by nuclear opponents to cast doubt on the Government's strategy for dealing with nuclear waste.

Mr Hans-Jochen Vogel, chairman of the SPD, which is calling for a gradual move away from nuclear energy, yesterday voiced satisfaction over the ruling and called on the Bavarian state government, as well as the ruling centre-right coalition in Bonn, to rethink its nuclear strategy.

Government officials warned against hasty conclusions over the effects on its strategy for dealing with nuclear waste.

Continued from Page 1

Hopes fade

spending on agriculture under control and put an end to the problem of surpluses".

However, British officials conceded privately that, with a French presidential election in the offing, Paris could not be expected to move far on the most contentious remaining issue – constraining cereal prices and production.

Nor is there much hope that Mrs Thatcher's talks in London next Tuesday with Mr Helmut Kohl, the West German Chancellor, will untie tbe Gordian knot.

هكذا منه بالأصل

WEEKEND FT

Saturday 30/Sunday 31 January 1988

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

The FT is 100 years old next month. **David Kynaston** looks back on some of the memorable moments during its early years

The men who mattered

Douglas MacRae (left) with Harry Marks. Illustration Michael Frith

THE history of the Financial Times should perhaps be called "1945 and all that" for, without doubt, this was the single most important date in its history. It was then that two rather small-time, essentially City newspapers, the Financial News and the Financial Times, ended almost 60 years of rivalry and came together to form the modern FT. The chairman, the managing director and the editor of the new paper all came from the FN stable and its character owed at least as much to the FN as to the old FT, which provided the greater commercial clout and the pink paper but relatively little else.

It was a merger that proved more brilliantly successful than anyone could have expected. Circulation climbed from 51,000 in 1946 to 122,000 by 1960 and 197,000 by 1980; it now stands at a record 310,000. Editorially, the new FT soon began to transcend the traditional concerns of financial journalism and established first-rate industrial, labour and scientific coverage, the best arts page in the country and, in due course, unrivalled foreign reportage.

Why did the world need the Financial News, established in 1884, and the Financial Times, founded four years later? Essentially, because the City of London was then at its height as an international financial centre, the Stock Exchange was expanding rapidly, and the burgeoning investing and speculating classes had virtually nowhere to turn for information, advice and protection. The late-Victorian stockbroker took a largely passive view of his responsibilities; while the only existing financial daily, the Financier, followed the example of the "money article" in the main newspapers, offering merely a flat and somewhat misleading record of the principal price movements in the more traditional markets, with minimal editorial comment and little in the way of genuine reportage.

The Financial News changed all that. Known for its first five months as the Financial and Mining News, it did much to pioneer coverage of that increasingly important but far from respectable market. A mine might have been "a hole in the ground owned by a liar," as the contemporary adage went, but the FN saw no reason why such a source of massive speculation should not be given full critical scrutiny. The new paper offered many other services: it published the most accurate and up-to-date prices, from abroad as well as home; its market commentaries were both exhaustive and perceptive; its Answers to Correspondents column provided individual investment advice; and, taken as a whole, the paper was written trenchantly, following the American example consciously and not afraid of the lighter touch. It was fitting that in *The Diary of a Nobody*, published in 1892, Pooter's irreverent son Lupin was "riveted to the Financial News, as if he had been a born capitalist."

Perhaps, though, young Lupin read the FN for the dirt. Again breaking new ground, soon after its inception the paper launched itself into a series of investigative exposures, revealing as never before something of the shadier side of what was still a largely unregulated City. Typical was a run of articles called the Spider's Web and the Wasp's Nest, one of which in September 1887 said: "The late secretary of the bogus Northern Transvaal Mining Company, the *chef-d'oeuvre* of Mr C.W. Perryman, alias Burchell, alias Morris, Stewart & Co., has started in business as Fagge & Co., stockbrokers. From what we know of Mr Fagge's previous financial operations, we should be inclined to think that Mr Fagge is just the sort of stockbroker to avoid."

Fagge eventually sued for libel but the jury accepted that Northern Transvaal had been a bogus company, although Fagge did get £50 for unfounded accusations in the FN that some years before he had misappropriated church money. There were many other victims of the FN's investigative claws during these early years, yet none successfully sued for libel. At one point, in answer to criticism, the paper magisterially if darkly declared: "As to the way in which we get our news, that is our business. We do get it, and we pay for it, and we find that it pays us to pay for it, and to print it."

The FT, pink in hue from 1893 but red-blooded from the start, was prepared similarly to identify the villains of the day. A characteristic exposure was that of a notorious company promoter, Thomas Fenwick, who during the 1890s registered companies at the rate of two a year, none of them ever paying a dividend. Finally, in 1899, an article headed "Fenwick and the Pulpit" gave chapter and verse about his fraudulent plan to establish a new Christian newspaper, involving duping no fewer than 184 nonconformist ministers in the north of England. Fenwick sued, but after the first day's evidence decided not to proceed with the case.

On occasion, the FT's victims attempted more immediate measures of redress. One such was a repeatedly-criticised company promoter, Alfred Green, who in 1889 strode into the paper's offices and hurled the editor-proprietor down a flight of stairs, leaving him with cuts, bruises, a strained wrist and a swollen thumb.

Who were these fearless heroes of the fourth estate? Undoubtedly, the dominant presences, bossing the whole show, were Harry Hananel Marks of the FN and Douglas Gordon MacRae of the FT. Both were remarkable, larger-than-life figures who combined flair and vision with sound common sense and attention to detail.

Marks, son of the head of the Reformed Congregation of British Jews, went to New Orleans when he was only 15 and proceeded to learn much in a variegated journalistic apprenticeship in the United States. He returned to London while still in his 20s, determined to introduce American-style financial journalism. The result was the FN, a venture that brought him considerable personal wealth. Vanity Fair in 1889 depicted Marks in his pomp: "He lives in anything but Grub Street style at Loudoun Hall in St John's Wood. He is fond of horses, and owns a promising colt, which lately began to carry his colours at Newmarket. He has a fine picture gallery, wears tight boots, suffers from the gout, and is fond of music. He cannot sing, although he sometimes tries to do so."

Marks soon began to pursue political ambitions, becoming Conservative member of Parliament for St George's-in-the-East in 1895 and reputedly introducing to the House of Commons the joys of the double-breasted cream silk dress waistcoat.

MacRae was rather less worldly than Marks and altogether more straight up-and-down. A printer by background, his salient qualities were immense energy and obstinate self-belief, ignoring all who tried to persuade him in the early years of the FT that the paper was doomed always to be the poor relative of the FN. It was MacRae who had the imagination to turn to pink paper – one of the great marketing ideas in the history of newspapers – and it was he who during the 1890s hauled up the FT to a position of parity with the FN.

The question must be asked, though: were Marks and MacRae really such heroes of modern journalism? The evidence is patchy and at times conflicting; but certainly there is enough to suggest that there was, especially in the case of Marks, an altogether murkier side to their activities. Such evidence first came out properly in public in 1890 after an American called George Washington Butterfield, who had come to England to raise capital for a Californian gold-mining company, sued the FN vainly for libel over a series of derogatory articles. In revenge, Butterfield then accused Marks of various misdemeanours ("exploiting London after overdoing New York") whereupon Marks, in a serious error of judgment, sued Butterfield for libel.

The case was heard at the Old Bailey and proved highly embarrassing for the music-loving man of property. For one thing it showed that Marks, while in New York late in the 1870s, had had an affair with a Mrs Koppel that might have produced a child (whom Marks disowned) and certainly resulted in him booking a passage to England under the name of "Mr Henry." However, it also revealed that in 1886 Marks had promoted secretly a worthless concern called the Rae (Transvaal) Gold Mining Company, before proceeding over the next year to advise FN readers to buy its shares while more or less simultaneously selling off his own through a variety of "dummy" vendors. "A very safe and remunerative investment" was one such piece of the FN's advice, but others abounded.

The jury duly found for Butterfield – "A Perverse Verdict," according to the FN – and the press at large, even Tory newspapers, came down heavily against Marks, typified by the opinion of the Morning Advertiser that he was "wholly unfitted to conduct the business of the Empire or the City."

Equally striking courtroom testimony some eight years later touched on MacRae as well as Marks. The occasion was the bankruptcy proceedings of Ernest Terah Hooley, whose audacious activities during 1896 turned him into the most famous company promoter of the age. During that year, he had succeeded in bringing before the public a series of grossly over-capitalised new issues (including Bovril, Schweppes and Dunlop) and received consistent support from the financial press, especially the FN. Hooley's rueful evidence showed why.

He said he had given many journalists inducements to provide favourable treatment but none as often as Marks who apparently received, in cash and shares, a grand total of £31,110, which must have paid for the winter's coal. As for MacRae he was, according to Hooley, "the honestest man of the lot" (laughter); but there still emerged the mildly awkward fact that Hooley had bought a horse called Northallerton for £2,000 and then given a one-third interest in it to Mrs MacRae. History does not relate how the nag performed.

The final phase of this invidious sequence involved Whitaker Wright, a celebrated financier whose sub-aqueous billiard room in his Surrey mansion remains a thing of fable. Wright's intricate but inherently unsound empire (again, much lauded by the press) crashed abruptly in 1900. In the subsequent winding-up proceedings, Wright attributed his misfortunes partly to the way in which he had been obliged "for market purposes" to set aside shares that were sold first at an artificially low price to the gentlemen of the press and then, by pre-arrangement, re-bought by his company at a higher price.

Asked if Marks had had a large portion of these cheap shares, he replied, to the usual laughter on these occasions: "I should think so." Soon afterwards, the committee of the Stock Exchange made its own investigation into these "press calls" (as they were known in the trade) and discovered not only that Marks and other FN journalists had been sweetened heavily by Wright but that even MacRae had picked up some 6,500 shares at a bargain price.

Did sucb revelations matter? In a sense not for, granted the prevailing *caveat emptor* ("let the buyer beware") ethos of the Stock Exchange and its attendant world where, ultimately, it was each man for himself, they can hardly have been a source of major surprise – certainly not to those in the City. Yet times were changing, especially in the wake of companies legislation at the turn of the century, and a rather cleaner era of finance was beckoning.

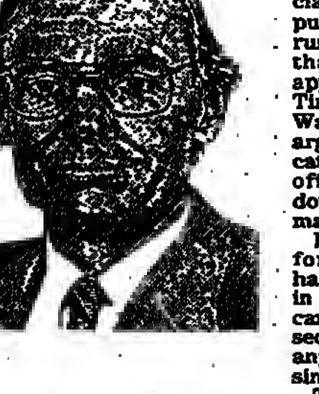
MacRae died in 1901 and Marks concentrated increasingly on his political activities, earning a certain notoriety by being one of only three MPs not invited to a parliamentary garden party at Buckingham Palace. Yet, the positive journalistic legacy they left was a strong one while the negative, venal side faded gradually, although not conclusively until after the two papers merged in 1945. At this celebratory time in the FT's history, the names of these pioneers should be remembered with honour - although, sadly, they were not beyond reproach.

● *This article is based on David Kynaston's history of the Financial Times to be published by Viking on February 12 at £25.*

The Long View

Fear and greed on the home front

Barry Riley looks at the dizzy state of the housing market and concludes that while the cures are simple economically, the vested interest in high prices means that the political obstacles are daunting



WHILE THE stock market takes a breather the UK housing market, it seems, still has the bit between its teeth. House prices rose 15-20 per cent last year, depending on which building society statisticians you listen to, and forecasts of 10-15 per cent growtb are common ground for 1988.

If there is a bankers' Garden of Eden left anywhere in the world, it must be the UK residential mortgage business. Last year, a variety of building societies, banks and other providers shovelled out more than £30bn in net new lending, mostly on highly profitable margins.

The stock market crasb threatens, if anything, to reinforce the house lending boom. Since October, liquidity has surged back into the building societies at the rate of £1bn a month. This is enabling them to accelerate their New Year lending programmes and regain lost market share.

Despite the obvious monetary risks in this, with the rises in deposits sending the wider monetary aggregates ballooning, the authorities have mostly stood back. The Government is, of course, committed firmly to wider home ownership. And there is nothing so potent as an upward price spiral to suck newcomers into a market. But the same kind of policy applied in the equity market to privatisation issues, in the interests of wider share ownership, and ended eventually in a pile-up with BP. Is there a risk of a similar hard landing in the housing market?

Already, there is a lot of fear as well as greed in the UK residential property market. The incentive for youngsters entering it is not so much the prospect of a quick gain as the worry that prices will be higher next year, or even next month. But in many parts of the country the spiral has now reached such an intensity that first-time buyers are being priced out of the market.

Purchasers are having to raise (in equity plus debt) four times the average earnings per head in order to afford to buy the average honse. The last time the ratio was this high was early in the early 1970s, when the market seriously over-reached itself. In 1982, the ratio was down to three. According to the Nationwide Anglia Building Society, first-time buyers are now actually borrowing 2.7 times their income, the highest ever gearing.

Now, it is often the case that by the time a trend in a financial market becomes of serious public concern, it has just about run its course; hence the view that when a rampaging bull appears on the front cover of Time magazine, it is time to sell Wall Street. Similarly, it can be argued that when a publicity-catching scheme is launched to offer cheap mortgages to London nurses, it is a sign that the market is on the turn.

It is, however, very difficult for a genuine price crash to happen in the housing market in Britain because households cannot shift between the owned sector and the rented sector on any scale. The rented market is simply not big enough.

This can be contrasted with Continental countries like, say, the Netherlands, with an active rented sector where honse prices actually fell sharply in the mid-70s. In the UK, the market simply stagnated because home-owners were unwilling to accept what they saw as cut-price offers.

It should be noted, however, that roaring annual inflation of up to 25 per cent a year at that period gave ample scope for real prices to fall, even if nominal values were sticky. A correction now would inevitably take a great deal longer, with inflation much lower.

At least the artificial support of mortgage interest tax relief on the first £30,000 is gradually fading away through house price inflation (the average loan to a first-time buyer is now £32,000) and the effect of lower tax retes. But, perversely, the proposed new poll tax would tend to encourage a rise in house prices.

To encourage the spiral further could become counterproductive. For one thing, an over-borrowed electorate can impose severe restrictions on monetary policy. Should the need arise for a sharp increase in interest rates, the Chancellor could be inhibited by the fear that the young adult age groups, which bear the full brunt of the financing costs resulting from high house prices, would be squeezed and even bankrupted.

But it is the inheritance factor which poses the more fundamental problems. Until now, the spreading of wealth through tax-free capital gains achieved from home ownership has been seen as a positive trend. Marketing analysts in financial services companies have been licking their lips at the prospects for sales of financial prodncts: according to a recant estimate by Morgan Grenfell, property inheritance flows are now running at some £7bn a year.

The suggestion is that this is money freed from the housing market. But could it be sucked back in? There is increasing evidence that young people are being forced to look to their parents for the capital to start them off up the housing ladder. The process is now being formalised through the guarantor mortgage, whereby the equity locked up in a parent's house can be used to support the otherwise unsustainably large home loans extended to their children.

Like all devices (including tax relief) designed to help home-buyers, this kind of mechanism will serve only to ratchet house prices up further. But another snag is that children who, for one reason or another, could not enlist the support of parents would not be able to enter the housing market, at any rate in the more popular areas of the country.

The cures are simple economically, including encouragement of a rental sector and relaxing controls on new building. But the vested interest in high prices for residential property is now on such a scale that the political obstacles are daunting.

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Sidelines look the wisest place to be

STILL THE torpor continues. The grim reluctance by investors to do anything, which has hung over the London market for some weeks now, showed no signs of abating during the past five trading days.

Each set of economic figures is seized on and dissected but invariably provides inconclusive evidence of either impending recession or overheating. Caught between these two unenviable prospects, who can blame investors for treading warily, if at all?

Their caution was all too evident in the SEAQ volume figures. Little more than 300m shares were traded on Monday, and activity improved to only around the 350m level during the next two days despite a relatively up-beat survey of manufacturing from the Confederation of British Industry.

Yet again, the industrialists made encouraging noises about output and investment prospects. The only black spot was export performance – which industry admits is being threatened by the sharp plunge in the dollar.

True, that latter warning served only to highlight Thursday's trade figures. A current account deficit of £580m in December was roughly in line with the November figure, but still leaves an estimated deficit of £2.7bn for the full year – up from just under £1bn in 1986, and the largest annual gap since 1974.

While that was scarcely the most encouraging news, the market had expected little better; the pound at least remained steady, with the sterling index easing from 74.5 to 74.4.

London

In the face of that resilience – somewhat quixotically – the London market actually managed its best session of the week. The FT 100-Share Index, having gyrated in single figures during the first three trading days, climbed 18.7 points to 1,783.9 by Thursday night. Activity, helped by the shenanigans in the oil sector, enjoyed a sudden burst with SEAQ showing more than 650m shares traded.

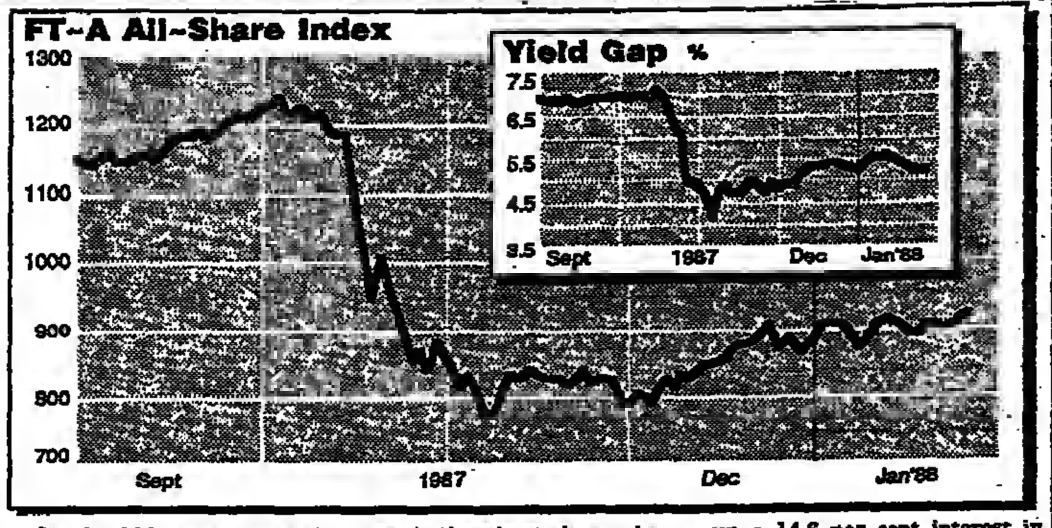
Come Friday, however, the tone was muted again – although broadly firmer overall. Shortly before lunch, Footsie broke decisively through the 1,790-level but could close at only 1,790.8, up 6.9 points on the day and 19.9 on the week.

Moreover, further reflection encourages a good few analysts to believe that trade deficit considerations will at least steady Chancellor Nigel Lawson's hand when it comes to the question of Budget tax cuts. Even if political considerations make these imperative, suggestions of some offsetting action to dampen excess demand are being voiced increasingly.

That, of course, would seem to point to a rise in interest rates at some stage – a scenario which the gilts market has taken on board for some time now. But the question remains when. As rival economic statistics oscillate between hints of an economic slowdown and twinges of overheating, so the gilt market takes and loses heart.

On balance – and helped by sterling's resilience to the trade figures – it chose the latter course this week. By Thursday night, the yield on high coupon longs had dipped back to about 9.3 per cent, compared with 9.46 per cent at the end of the previous week.

In theory, a major bull point for the market now should be the rapidly recovering institutional liquidity position. It is almost three months since the string of pre-crash cash calls – and, of course, the BP issue – told on institutional coffers. Moreover, the subsequent famine has coincided with the heavy dividend/gilt coupon season – to say nothing of the cash bid wave.



On the bid scene, certainly, the institutional appetite for cash on the nail cannot be taken entirely for granted. Retail giant Sears, offering a generous exit multiple of 22 times Freemans' present-year earnings in a cash-only bid, found that topping the 50 per cent level was no cinch – although it got home eventually by a 6 per cent margin eight days ago.

Granada, which started the bid wave with a cash and convertibles offer for rival Electronic Rentals, actually found more investors opting to take extra convertibles than extra cash.

But even if such straws suggest that sentiment is not entirely bearish, there is precious little to indicate much bullishness, either. And as long as the economic picture remains cloudy, the sidelines may well remain the wisest place to be.

Still, if that makes for a listless picture overall, anyone in search of a little excitement in the London market had only to go as far as the oils sector last week. Britoil, for one, was not giving in easily to the higher BP offer – where new cash terms are worth 500p a share.

As the week started, it appeared the oil independent still held out a slim chance of finding a "white knight," with British Gas rumoured widely to be a suitor. That, maintained Britoil, might be sufficent to woo back the 24 per cent holding built up by US oil giant Atlantic Richfield, which last week was pledged – although not irrevocably – to BP. Together with BP's own 29.9 per cent, the Arco stake gives the bidder control.

Arco had plans of its own, though. On Thursday it picked up a 14.6 per cent interest in Tricentrol (already under fire from French oil group Elf Aquitaine), paying up to 180p a share. On Friday, it declared that it had accepted the BP offer formally and was considering a bid for Tricentrol. The net result was to send Britoil almost 20p higher on the week at 477p, and Tricentrol up almost 30p to 189p.

Round at Birmid Qualcast, the lawnmowers, gas cookers and boilers group, events moved down a more predictable track. Improved bid terms from cement giant Blue Circle had been anticipated widely by the market – and on Tuesday, it got them. The new cash offer values the target at £275m, or 380p a share, which is almost double the pre-bid price and suggests an exit multiple of 16 times.

Nikki Tait

Nothing funereal about Hodgson

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1987/88 High	1987/88 Low	
FT Ordinary Index	1435.7	+14.7	1926.2	1232.0	Fluctuates narrowly in idle trade.
Birmid Qualcast	369	+30	375	139½	BCI increases offer to 380p cash.
Britoil	479	+20	480	160	BP bid terms (500p cash) posted.
Burgess	222	-55	392	163	RHP reduces terms of offer.
Estates Prop. Inv.	246	+16	305	163	Peachey offers 240p cash per share.
Haynes Publishing	448	+103	448	310	First–half profits upsurge.
KLP	280	+23	512	195	Record annual profits.
Land Securities	485	+20	614	336	Warburg Securities recommendation.
RHP	189	-24	281½	138	Lowers bid terms for Burgess.
Racal Electronics	214½	-20	349	184	Profits will not match best expect'ns.
Rothmans Intl.	415	+27	499	177	Takeover speculation resurfaces.
Sedgwick	213	-21	345	188	Analyst lowers profits forecast.
Share Drug Stores	325	+73	325	210	Takeover approach.
Smith New Court	168	-20	381	149	Another traded options loss.
Tricentrol	195	+34	195	74	Bid situation heats up.

COMING TO the USM is rather like an appearance on the front page of the newspapers or the 9 o'clock news. Overnight recognition is created for companies which otherwise would have remained more or less unknown.

USM companies tend to be followed closely by a small number of analysts, whereas a smaller company on the main market might well be covered only by its broker. All this, of course, puts them under greater scrutiny – and accountability, too.

Of the three funeral directors quoted on the USM - the others are Kenyon Securities and Great Southern - Hodgson has undoubtedly attracted the lion's share of the attention, with an aggressive acquisition policy. Since it came to the market in June 1986, it has become the UK's second-largest undertaker after the Co-op - it was the fourth largest.

On Wednesday, it beat City forecasts easily with an increase of nearly three times in pre-tax profits to £2.31m for the year to October.

Howard Hodgson, the managing director, says: "Funeral directing is a sleepy profession and something people are reluctant to talk about, so if you are less reticent you tend to stand out more. We decided to bring the business into public recognition when we came to the USM."

Hodgson takes its image seriously. The hearses will be midnight blue with Portland grey upholstery, while the pall-bearers will wear midnight blue and the offices will be decorated in the same colour. It is all part of the effort to get away from the Victorian undertaking image. The company has just negotiated a part-exchange deal for hearses with Volvo to replace its older fleet of Daimlers and Dorchesters.

A static death rate means Hodgson is fairly dependent on acquisitions for growth. It bought five small businesses last year and intends to add a further 15 to 20 in 1988. Finding these is easy at the moment as the funeral business is extremely fragmented. Several companies are family concerns, often in the hands of a younger generation which wants to sell out. An undertaker's life is hard - the hours are anti-social, costs tend to be high, and social prestige and career prospects are pretty low.

Junior Markets

But the way in which Hodgson is stealing a march on its competitors is by a more efficient use of resources in the businesses it acquires. The company believes it can also increase returns above the existing level of £160 for each funeral by being more efficient. Branch offices, for example, already share expensive capital equipment. Local parlours provide the business, but administration and funerals are carried out on a more regional basis.

Hodgson has demonstrated that sound management principles and good marketing can be applied with effective results to any type of business.

Sadly, the provision of services for the elderly who can no longer look after themselves has become one of the growth businesses of the past decade. On Thursday, Sheppards brought another such operator to the USM by way of an introduction. The company, Kunick, is one which readers might remember from its previous incarnations on the stock market and a somewhat colourful and volatile past.

Kunick, which is now valued at £35m, started out as the quoted fashion house Kunick Holdings. Its listing was cancelled in August 1978, restored in October 1979 and suspended in February 1981.

In January this year Russell Smith became chief executive, having reversed his own company, Music Hire, an amusement machine operator, into Kunick some months earlier.

So Kunick now has an unusual collection of businesses including fruit machines, such sightseeing attractions as the London and York dungeons, and health care and nursing homes. Justifying the mix, Smith says: "Our philosophy is to provide a quality service to the consumer. The basic point is that each of the companies is under the same management."

Amusement machines and dungeons are great cash cows, whereas nursing homes and sheltered housing eat heavily into working capital. But Kunick is also trying to develop home care for the elderly – something which, Smith says, is an unknown area in the UK market.

Nigel Reed, an analyst at Kitcat & Aitken, notes: "The main challenge for Kunick is to build up the potentially more profitable old people's care side to reach the group's objective of 25 per cent earnings growth each year, while some of the other businesses will just be motoring."

Despite many management and business changes, Kunick has had a good earnings track record. But it might be dogged by its name and its history - through no fault of Smith's. It will be some time before he can shake off the past.

A higher profile following a quotation on the USM can work in the company's favour, as Hodgson has found. But as Kunick could discover, it can work both ways.

Heather Farmbrough

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 27%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	2.50	2.52	1.88	1.37	monthly	1	-	0-7
High interest cheque	4.80	4.91	3.62	2.63	monthly	1	1,000-4,999	0
High interest cheque	5.20	5.33	3.92	2.85	monthly	1	5,000-9,999	0
High interest cheque	5.50	5.64	4.14	3.01	monthly	1	10,000-49,999	0
High interest cheque	6.00	6.17	4.52	3.29	monthly	1	50,000 minimum	0
BUILDING SOCIETY†								
Ordinary share	4.00	4.04	3.04	2.21	half-yearly	1	1-250,000	0
High interest access	5.75	5.75	4.33	3.15	yearly	1	500 minimum	0
High interest access	6.00	6.00	4.52	3.29	yearly	1	2,000 minimum	0
High interest access	6.50	6.50	4.90	3.56	yearly	1	5,000 minimum	0
High interest access	6.75	6.75	5.09	3.70	yearly	1	10,000 minimum	0
90-day	6.75	6.86	5.17	3.76	half yearly	1	500-9,999	90
90-day	7.00	7.12	5.36	3.90	half yearly	1	10,000-24,999	90
90-day	7.25	7.38	5.56	4.04	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.00	7.30	5.50	4.00	yearly	2	5-100,000	30
Income bonds	10.50	8.04	6.06	4.41	monthly	2	2,000-100,000	90
Deposit bond	10.50	7.67	5.78	4.20	yearly	2	100-100,000	90
33rd issueɸ	7.00	7.00	7.00	7.00	not applica	3	25-1,000	8
Yearly plan	7.00	7.00	7.00	7.00	not applica	3	20-200/month	14
General extension	6.51	6.51	6.51	6.51	not applic.	3		8
MONEY MARKET ACCOUNTS								
Schroder Wagg	5.27	5.40	4.06	2.95	monthly	1	2,500 minimum	0
Provincial Trust	6.21	6.39	4.81	3.50	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCK§								
5pc Treasury 1986-89	7.53	6.15	5.22	4.45	half yearly	4	-	0
8pc Treasury 1992	9.01	6.80	5.33	4.11	half yearly	4	-	0
10.25pc Exchequer 1995	9.41	6.71	4.92	3.42	half yearly	4	-	0
3pc Treasury 1990	6.93	6.08	5.50	5.03	half yearly	4	-	0
3pc Treasury 1992	7.12	6.23	5.64	5.14	half yearly	4	-	0
Index-linked 2pc¶	7.18	6.63	6.26	5.96	half yearly	2/4	-	0

*Lloyds Bank. †Halifax 90-day; Immediate access for balances over £5,000. ɸ Special facility for extra £5,000 §Source: Phillips and Drew. ¶Assumes 4.5 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Don't discount this Union

Results Due

UNION DISCOUNT did not, as is its custom, reveal its profits at the interim stage – but it did say that they were less than in the same period last year. So analysts are expecting full-year profits, when announced on Wednesday, to be down on last year's £10.8m, probably at around £9.4m.

Graeme Gilchrist, managing director of Union Discount

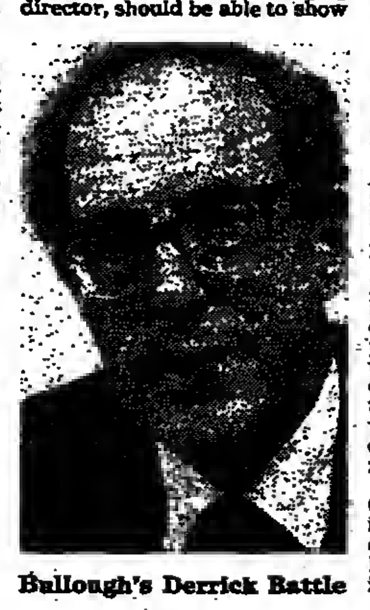
However, there is a chance Graeme Gilchrist, Union's managing director, might produce better figures than most people expect. The second half has been more favourable for the discount houses, since interest rates have come down in the wake of the crash. And Union Discount, by deciding against becoming a gilts market-maker, has avoided the cut-throat and costly battle in that sector.

People often rate profits second to dividends as a reason for investing in the discount house sector. Because the interim dividend was increased to 17p from 11p to reduce disparity with the final, some analysts think the latter might actually be reduced to 26p from last year's 29p. That would still make a total of 43p, compared with last year's 40p. But other analysts think it more likely that the final dividend will be maintained.

•

BULLOUGH, the engineering and furniture company which manufactures everything from desks to car jacks, is expected to reveal continued good growth with its results for the year to October.

Derrick Battle, the managing director, should be able to show pre-tax profits up at least 25 per cent to around £20m on Monday, reaping the benefits of high profit margins - 13.3 per cent net in 1985-86.



Bullough's Derrick Battle

A first-time contribution from Hubbard Reader, supplier and installer of refrigeration equipment, bought for £14.5m in December 1986, should be valuable, while core businesses like Project Office Furniture are expected to continue strongly.

Refrigeration specialist George Barker might not have recovered from a drop in orders from Marks and Spencer, its main client, but Beanstalk, which makes retail display equipment, should continue its first-half recovery to the end of the year.

•

GLASS GLOVER, the fresh produce importer and distributor, should break through £2.8m pre-tax without difficulty when it reports next Friday on the year to September 30. This would represent at least a 20 per cent advance on the £2.33m profit in 1985-86.

The weakening dollar only helps Glass Glover and its fellow importers, as lower procurement costs rarely get passed fully down the distribution line. Although the tax credit in 1985-86 was one-off, the position was hardly any worse last year, with analysts expecting a net charge close to nil.

The tax benefits follow from Glass Glover's heavy capital investment programme in depots. The reverse side of this, however, is a continued heavy interest burden.

Wines recover

CHRISTIE'S first fine claret auction of the year provided a chance this week to measure the trend in prices of some leading wines of successful and widely-held vintages. Despite being mostly lower than last year's best, they showed a firm recovery generally from the sharp fall in 1986. Although many lots this week went at the lower estimate levels, 95 per cent sold and brisk trade bidding in a well-attended sale suggested underlying confidence.

The figures are for dozen lots, and those in brackets show 1987 top (or most applicable) prices.

1970: La Mission-Haut-Brion price £460 (£560), Lynch-Baes £330 (£350), Leoville-Las-Cases £280 (£350), Beychevelle £270 (£280), Gruaud-Larose £230 (£240).

1975: Mouton Rothschild £520 (£580), Haut-Brion £360 (£420), Leoville-Las-Cases £300 (£270).

1978: Lafite £480 (£480), Margaux £440 (£540), Latour £440 (£480), Mouton Rothschild £420 (£440), Haut-Brion £350 (£350), Ducru-Beaucaillou £230 (£250), Palmer £830 (£400).

1982: Mouton Rothschild £560 (£650), Lafite £460 (£520), Latour £440 (£520), Haut-Brion £360 (£420), Ducru-Beaucaillou £240 (£260), Palmer £230 (£330), Gruaud-Larose £165 (£200).

At cru bourgeois levels, mature wines selling for £5 to £7 a bottle, plus the 10 per cent buyer's premium now imposed by Christie's, represented very good value for the consumers who bought them.

Edmund Penning-Rowsell

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m**	Bidder
	Prices in pence unless otherwise indicated				
Abaco Invs.‡	73	74	54	191.73	Brit. & Comm.
Birmid Qualcast	380*	369	313	274.63	Blue Circle
Britoil	500*	477	294	2.52bn.	BP
Burgess Group	225	220	264	85.65	RHP Group
Chase Property	265*	271	255†	198.44	Trafalgar House
Dee Corpn.	216	196½	172	1.91bn.	Barker & Dobson
Est. Prop. Inv.	240*	246	230	58.19	Peachey Prop.
Eucalyptus Pulp‡	701§	638	425	130.53	Bestock Johnsen
Freemans‡	315*§	313	165	474.00	Sears
Jacksons Bourne	445*§	444	438	9.45	Select Cntry Htl
Kingsley Forest‡	57	57	51	17.14	Casket
M.K. Electric‡	550*§	688	550	206.49	RTZ
MS Intl.	91½	113	83	24.43	Dobson Park
Minet Hldgs.	475*§	463	289	400.00	St. Paul Co's
Tip Top Drug.	110*	107	120	12.76	Woolworth Hldgs.
Tricentrol	160*§	190	99	148.59	ELF Aquitaine
Victor Products	174§	172	167	13.31	Northern Eng.
Waverley Cam'n	500*	500	443	4.80	Flavel Comms.
Wigfalls	187§	210	156	14.61	Bennett Fountain

*All cash offer. ††Cash alternative. Partial bid. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 29/1/88. †At suspension. Shares and cash. ɸReleated to NAV to be determined. ¶Loan stock. ‡Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Assoc Fisheries	Sept	5,690	(3,530)	30.2	(17.6)	5.0	(3.7)
Babygro	Nov	1,010	(615)				
Blue Arrow	Oct	29,000	(8,719)	6.6	(4.2)	0.8	(0.4)
Camford Eng	Sept	3,100	(2,600)	12.0	(11.6)	3.0	(-)
Cres Japan Inv	Dec	307	(117)	0.5	(0.2)	-	(-)
Everards Brewery	Sept	1,370	(1,290)	49.8	(36.8)	9.2	(8.8)
Gallaher	Dec	169,700	(117,400)	-	(-)	-	(-)
Gardner J	Oct	509	(210)	-	(-)	0.7	(-)
Heavitree Bwy	Oct	1,020	(907)	37.1	(32.2)	12.4	(11.0)
Hey & Croft	Oct	1,470	(1,610)	13.8	(16.1)	2.5	(-)
Hodgson Hldgs	Oct	2,310	(840)	11.6	(6.6)	2.3	(1.1)
Johnson Fry	Oct	1,220	(691)	8.3	(4.6)	8.3	(5.7)
PE Kemp	Oct	303	(176)	5.3	(3.9)	-	(-)
KLP Group	Sept	2,450	(2,030)	18.6	(20.3)	5.0	(4.0)
Lonrho	Sept	200,200	(165,100)	30.1	(23.2)	13.0	(10.9)
Molinare Visions	Nov	320	(3,100 L)	-	(-)	-	(-)
Newman Tonks	Oct	14,060	(11,600)	13.3	(11.3)	7.7	(7.2)
Nrth Sea Assets	Sept	375 L	(508)	-	(0.6)	-	(-)
Rank Organ	Oct	208,300	(164,100)	58.2	(45.4)	21.7	(18.0)
Talbex	July	1,280 L	(806 L)	-	(-)	-	(-)
Warner Estate	Sept	4,430	(3,890)	39.9	(26.5)	27.0	(22.5)
Williams Lea	Sept	5,710	(1,660)	179	(100)	15.0	(10.0)
Yelverton Inv	Oct	211	(349)	1.1	(2.8)	-	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
AGB Research	Oct	4,880	(4,410)	3.0	(2.7)
BCE Holdings	Sept	102	(337)	0.4	(-)
Border TV	Oct	404	(252)	0.7	(0.6)
Brit Blood Agency	Sept	118	(175)	2.5	(2.5)
BTS Group	Sept	107	(106)	1.3	(1.3)
Caird A	Dec	466	(10)	1.0	(-)
Cantors	Oct	804	(598)	0.7	(0.5)
Daejan	Aug	13,370	(8,690)	8.0	(5.0)
Dale Electric	Nov	861	(479)	1.7	(1.5)
Excalibur Jewel	Oct	376	(78)	-	(-)
Ferranti	Sept	23,000	(21,850)	0.7	(0.6)
Finlan Group	Sept	624	(610)	2.0	(1.8)
Fitch Lovell	Oct	12,400	(10,410)	4.0	(3.8)
Fletcher King	Oct	825	(530)	2.5	(1.5)
Flogas	Nov	1,000	(1,220)	2.2	(1.9)
Gordon J Saville	Oct	1,630	(1,420)	0.33	(0.3)
Haynes Publishing	Nov	1,45	(732)	7.0	(4.2)
Int'l Sig & Control	Sept	13,460	(11,600)	-	(-)
Land Leisure	Oct	8,100	(4,600)	2.5	(-)
London Inv Trust	Sept	2,580	(2,410)	0.5	(0.5)
London Shop	Oct	4,900	(3,800)	2.2	(1.5)
Lysander Petroleum	Sept	61	(38 L)	-	(-)
McKay Securities	Sept	1,430	(1,320)	2.3	(2.0)
Mitys	Nov	883	(446)	1.2	(-)
Murray Small Mkts	Nov	1,040	(1,110)	-	(-)
Neepsend	Sept	246	(13)	-	(0.4)
Nesco Investments	Sept	179	(17)	-	(-)
Optical & Medical	Sept	2,000	(1,780)	1.5	(1.3)
Osprey Comm	Nov	207	(28)	1.0	(0.5)
Park Food Group	Sept	2,090L	(2,260L)	1.7	(1.5)
Press Tools	Oct	283	(210)	1.0	(1.0)
Property Security	Sept	1,960	(1,850)	1.2	(1.0)
Racal	Oct	43,400	(11,720)	1.1	(0.7)
Raglan Property Tst	Sept	314	(239)	-	(-)
Rush & Tompkins	Sept	2,530	(760)	3.2	(2.7)
Shelton Martin	Sept	63	(11)	0.5	(-)
Smith WH	Nov	30,000	(25,200)	-	(-)
Stanco Exhib	Oct	276	(184)	-	(-)
Joseph Webb	Sept	752	(178)	0.1	(0.1)
Wintrust	Sept	2,080	(1,788)	2.2	(2.0)
Wood John D	Oct	1,020	(715)	1.5	(-)

(Figures in parentheses are for the corresponding period.)

*Dividends are shown net pence per share, except where otherwise indicated. L = loss.

RIGHTS ISSUES

Great Portland Estates are to raise £39m via a rights issue on the basis of £1 nominal for every four ordinary held.

Howden Group are to raise to £14.3m via a one-for-three rights issue at 74p.

London Investment Trust have announced a one-for-one rights issue raising £21.5m to fund expansion.

Press Tools are to raise £2m via a one-for-six rights issue at 250p.

Suede Clothes are to raise £1m via one-for-one rights issue at 40p.hlt,12

Verson International are to raise £1.43m via a one-for-five rights issue at 15p.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Argyle Trust have announced a £3m placing on the basis of £1m nominal for every seven shares held.

In Shops are to join the main markets via a placing of 6.41m shares at 52p.

Kunick have come to the USM nearly a year after it first announced it was seeking a quotation.

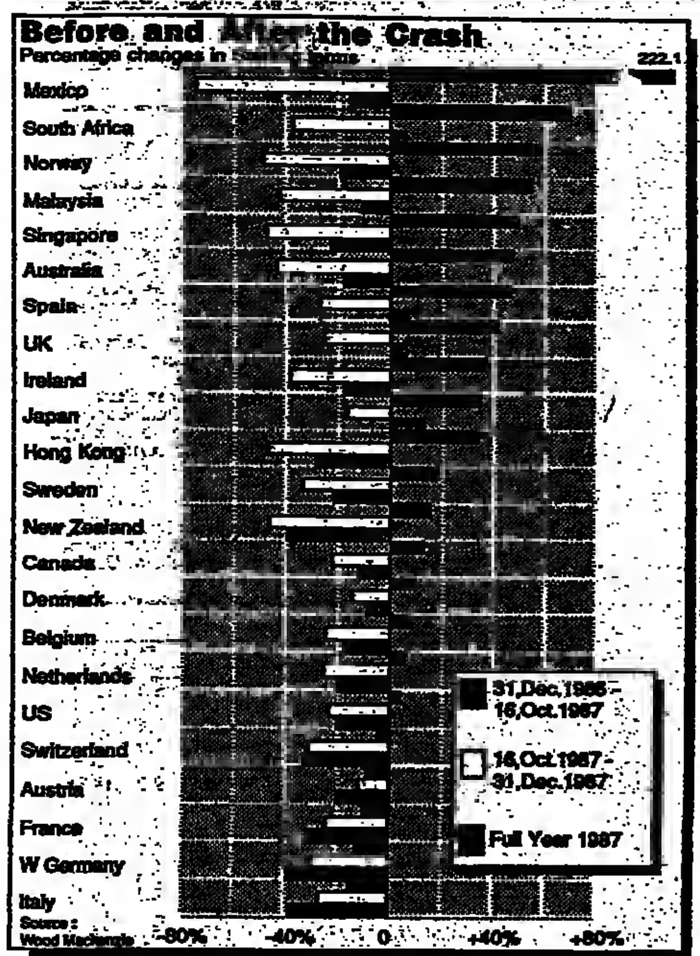
Tip Europe intends to raise £15m via a placing on the main market.

Tison are to join the USM via a placing of 2.5m shares at 80p.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Aaronson Bros	Wednesday	1.2	3.8	1.7
Arncliffe Holdings	Wednesday	-	1.8	1.2
Bank Leumi	Thursday	3.8	8.5	-
Bullough	Monday	3.2	7.4	4.3
Glass Glover	Friday	1.8	2.8	1.9
Habit Precision Engineering	Thursday	0.7	1.3	0.8
Microsystems	Wednesday	0.7	1.5	[illegible]
Securiguard	Monday	[illegible]	[illegible]	[illegible]
Union Discount	Wednesday	[illegible]	[illegible]	[illegible]
INTERIM DIVIDENDS				
Aerospace Engineering	[illegible]	[illegible]	[illegible]	[illegible]
Bailey C.H.	[illegible]	[illegible]	[illegible]	[illegible]
Bristol Channel	[illegible]	[illegible]	[illegible]	[illegible]
Clogau Gold	[illegible]	[illegible]	[illegible]	[illegible]
Framlington Group	[illegible]	[illegible]	[illegible]	[illegible]
Hambros Country Fund	[illegible]	[illegible]	[illegible]	[illegible]
Howard [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Meat Trade Suppliers	[illegible]	[illegible]	[illegible]	[illegible]
Mermaid [illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Unitech	[illegible]	[illegible]	[illegible]	[illegible]
YRM	[illegible]	[illegible]	[illegible]	[illegible]

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.



You can bank on Japan

THIS IS the time of year for accounting. Performance analyses are being made (and, they hope, justified) by fund managers for their trustees while the big security houses around the world are turning in figures for the last quarter and preliminary audits for the full year. All in all, it is a pretty sorry sight this time around and the October crash is, no doubt, a cooveoient if largely valid excuse.

Fund managers and trustees are seldom ideal bedfellows, and never more so than at times of performance assessments. Trustees tend to iike benchmark indices as a measuring rule of thumb; managers in their reports often point to them selectively, where comparisons show up in a good light, but on the whole they seldom outperform the indices - a point which an increasing number of managers recognise by boilding their portfolios to match the make-up of the indices. In that case, say the trustees, what is the point in having highly-paid professional managers!

The chart on this page tells it all. Before the crash most markets were doing nicely, although not quite on a par with the performance in Mexico where the rise (in sterling terms) was an extraordinary 222 per cent. The white bars show the meltdown across world markets, leaving only four countries with a year-end plus sign.

The quantitative analysts at UK broker Wood Mackenzie have shifted their thoughts from the possible personal implications of their acquisition by County Natwest and have come up with some interesting data. In capsule, it is a simple if stark message: internatiooal investors who were significantly underweight in Japan will not be looking forward to the present round of performance assessments.

The data has been extracted

World Markets

from the FT-Actuaries World Index which rose by 15 per cent in dollar terms last year: the sterling figure was a negative 9.2 per cent. However, the World excluding Japan was a much bleaker place - a mere 2.5 per cent gain measured in US dollars and a fall of almost 20 per cent in sterling terms. But, as Wood Mac's analysis indicates, the pain gets mnch worse.

Most of Japan's performance came from its banking sector (see table). The banks showed a 42.8 per cent gain in yen terms and, hardly surprisingly, an 80 per cent leap on the dollar index. But exclnde the banks and the Japan index in local correncv terms showed an increase of less than 1 per cent over tbe year; the sterling index figure was a little better, at 3.6 per cent.

So while Japan certainly was the right flavour of a bad year, international investors ignoring Japanese banks were out of the money. Japanese banks now form almost a quarter of the total Japan index and account for a massive 73 per cent of the banking sector worldwide.

And, of course, that vast financial muscie spreading worldwide does not cover the big securities houses, given Japan's own version of the US Glass Steagall Act. The big four of Nomura, Daiwa, Nikko and Yamaichi have been doing their own impressive reporting during the past seven days, albeit it for their financial year ending just before the October crash.

Each had record consolidated profits, in total some Y1,329bn($2.6bn), despite generaliy poor performances by their US subsidiaries. The present year's figures will, of course, reflect the crash, yet each house is looking for a broadly similar performance at worst.

The story is a lot different on the American front. Merrill Lynch came in this week with a fourth-quarter net profit of just $3.5m against almost $183m a year earlier, yet 1987 as a whole was the company's second-best year ever at a net $391m.

Shearson Lehman had even worse news – a fourth-quarter net loss of $95m and an annual profit of just over $100m against $341m the previous year – but then, Shearson was among the unlocky houses left with British Petroleum underwriting.

And what of the present year? Global investment decisions will not be easy after the pain of 1987 when many funds were underweight in Japan and overweight in the Uoited States. The immediate post-crash response was to run for home, foreigners being hesvy sellers in Japan and Europe, although thsre are alrsady some signs of a reversal, especially in regard to Tokyo and London.

The Nomura Research Institute weighed in this week with a hefty equity investment review of European prospects in 1988 which is generally bullish on London but less impressed with prospects in either France or Germany. Nomura expects Footsie to have a trading range of 1650-1950, the top of the range being achievable on the basis of the dollar stabilising.

Political uncertainties with the coming presidential election cloud the picture somewhat in France, but Nomura sees s reistively healthy outlook for corporate profits - and certainly ahead of those in Germany which are constrained by the twin problems of the DM/$ exchange rate and Bonn's apparent unwillingness to stimulate domestic demand.

Translated into numbers, this scenario points to a trading range of 375-450 for the FAZ Index over the next few months and, in France, a CAC General Index between 230-280.

Overall, the mood in most markets remained nervous throughout this week, but sentiment sppeared just a shade less bearish. Fourth-quarter figures for the US economy held out the prospects of an improvement in the American trade balance after the relatively good numbers in November; the December returns are due for release on February 12.

An improvement in the trade balance couid, of course, do wonders for the doilar; and while few in the markets are yet prepared to bet that the US currency has bottomed out, some optimists are emerging. Meanwhile, the speculators are fearful of being hit by more concerted central bank action.

Market seotiment can be fickle and often changes for no good or immediately spparent reason, but this week at least there seemed to be some encouragement in the air. Trading volumes, too, were on the increase, albeit from the dismal lows of recent weeks. But then, one or two swallows don't necessarily herald the arrival of summer.

Dominick Coyle

JAPAN BANKING POWER

	£	$	Local
Japanese Banks	48.9	85.1	42.8
Japan	11.6	41.4	8.5
Japan ex Banks	3.6	31.2	0.7
World	-9.2	15.0	-0.9
World ex Japan	-19.2	2.5	-5.3
World ex Japanese Banks	-12.8	10.5	-3.7

Source: FT-Actuaries World Indices

Beware the growling bear

THE MOMENT of truth is at hand. The present stock market rally could be the last opportunity to bail out of equities before a serious bear market begins.

A serious bear market, as opposed to the sort of temporary correction seen in 1984 or 1962, is always associated with an economic recession. And in the past few days, the evidence of an imminent recession in the US economy has become harder to dispute. Let us examine those statements in turn.

First, how can we talk of the *start* of a serious bear market when so many analysts seem to think that a bear market began last August when the Dow Jones Industrial Average peaked above 2,700, and culminated with the crash of October 19?

Despite that crash and the thousands of redundancies in the City of London and Wall Street, the 1,000-point decline in the Dow between last August and October cannot be described as a genuine bear market. This means a long-term downward trend in stock prices that will do more damage than merely wiping out inflated paper profits accumulated during six months of bullish hysteria.

So far, that is all the bear has achieved. At around 1,950, the Dow today is still higher than it had ever been before January 1987. Even the post-crash low

Wall Street

of 1,738.74, which the market re-tested in December, left a tidy profit for anybody who had bought shares before March 1986.

The bear's true goal is always more ambitious than this. He wants to cut into the flesh, not just the fat, of investors' assets; to see the bulls taking losses, not just foregoing paper profits which they imagined they had built up. It will only be below the 1,750 mark oo the Dow that a true bear market can be said to begin in this sense.

That level has acted as a firm underpinning for the US stock market for nearly two years now. Since it soared through 1,750 on March 13 last year, it has bounced repeatedly backtowards that level but never actually penetrated below it except for the one fateful occasion of October 19.

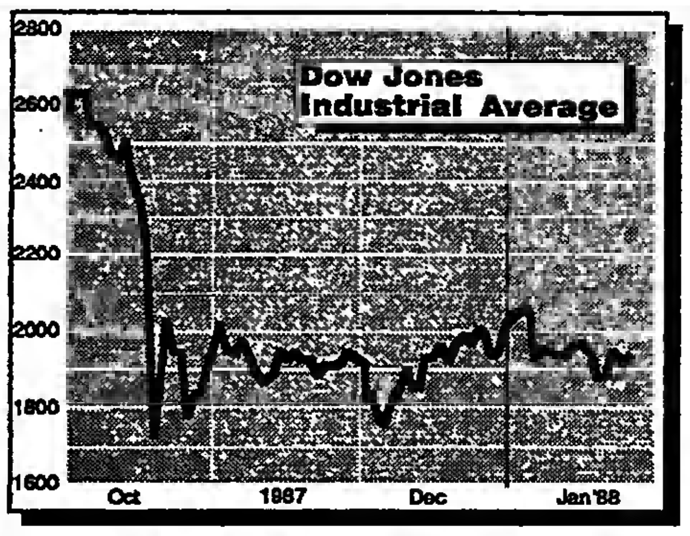
In December last year, the market bonnced back from 1,766.74. Throughout the summer of 1986, the Dow bounced repeatedly between 1,753 and 1,900; and in September 1986 it rebounded from 1,758.72 after the sudden 86-point collapse that set a record for one-day points' declines up to that time.

At some stage, that 1,750 floor is going be tested again. If it is breached, a true bear market will have begun. But is this the time to be worrying?

Whether the present indecisive rally proves to be the last chance to get out of the way of a bear rampage or, as many investors seem to believe, a first opportunity to step back gingerly into a gradually recuperating bull market, depends on the US economic outlook. Despite the oft-quoted saw that the stock market has predicted 10 of the past five recessions, there is in fact a very close correlation between major stock market moves and economic activity.

To judge by the behaviour of the financial markets in the past week, the economic background has become more reassuring. US interest rates are heading downwards. The Federal Reserve Board is determined to keep economic expansioo going, albeit at a modest rate of 2 per cent a year or so. Yet the dollar appears to be stabilising, despite lower interest rates, as economic resources are transferred from consumption to exports and the trade balance improves.

In summary, exports are taking up the slack from consumer spending while the federal government plays a generally supportive role in the economy – precisely the kind of policy background for which most ecooomists have been calling since the October crash.



Uofortunately, a closer look at the GNP figures published this week for the fourth quarter of 1987 does nothing to bear out this optimistic outlook. The seemingly robust 4.2 per cent growth of GNP in the last quarter masked some alarming indicators for the economic future.

The total increase in GNP between the third and fourth qnarter amounted to $39.2bn (at the constant 1982 prices which are used in US official statistics). Almost the whole of this gain was attributabie to a $33.7bo buildup of inventories, the biggest stockpiiing of unsold goods since the beginning of the last recessIon in 1981-82.

This hangover of stocks could have a dramatic effect on US output during the coming months, particularly in view of the really bad news contained in the GNP report. This relates to consumer spending, which also behaved worse in the three months since the crash than at any time since the 1982 recession.

Personal consumptioo spending fell by $24.1bn or 3.8 per cent at an annual rate between the third and fourth quarters. The claim that this decline in consumptioo was somehow offset by net exports is simpiy not true. Net exports improved only by $7.7bn; and whiie that figure reveals a rapid growth in US exports, combined with some slowdown in import demand, the fact is that the foreign sector of the US economy is nowhere near big enough to compensate for weaknesses in consumer demand.

In fact, the category of final demand which did most to offset the post-crash decline in consumption was government apending. This rose $23.3bn, or an annual rate of 12 per cent, owing esseotially to random fluctuations in military procurement programmes and backdated pay iocreases for some employees.

Unless the fourth-quarter GNP figures are revised drastically or somehow contradicted by other statistical releases during the next few weeks, it will be hard to avoid the conclusion that the US economy is alresdy far advanced on the road to recession. And if stock market investors choose to ignore the threat of a recession until it hits them on the head, that shouid be seen as an opportunity to bail out and take profits, not join in the lemmings' rush.

Monday	1946.45	+	42.94
Tuesday	1920.59	–	25.86
Wednesday	1911.14	–	9.45
Thursday	1930.04	+	18.90
Friday			

Anatole Kaletsky

Barry Riley reports on the S&P/Fleming integration

Better performance target

WILL THE integration of Save & Prosper into the parent merchant bank Robert Fleming bring about the beefing-up of S & P's decidedly pedestrian longer-term investmeot performance?

That is likely to be the first question asked by unit-holders and intermediaries following this week's announcement that Fleming is to pay £70m for the 36 per cent of S & P which it does not already own.

The important point of the deal from the clients' view is not the shareholding change (S & P has already been a eubsidiary of Fleming for several years) but the news that the investment departments of the two organisations are to be merged.

"We believe this will offer better investment performance to our unit-holders," says John Manser, chief executive of S & P. After the deal is completed in April he will be stepping up to become chief executive of Robert Fleming Asset Management, the combined investment operation which will look after a massive £24bn compared with the £4.2bo at present managed by S & P separately.

His replacement as Save & Prosper's chief executive will be Paul Bateman, at present marketing director.

Paul Bateman

The 35-strong S & P investment team, headed by Chris Tracey, will be moving into Fleming's elegant offices on Copthall Avenue where 115 Fleming investment managers already work. The idea is that S & P will be able to tap Flemiog's research resources, while the opportunities in the longer term for training and career development will be much improved.

However, Tracey will continue to have a direct responsibility for S & P's 32 authorised unit trusts and other products, and a team of managers will specifically look after the unit trust group's funds.

Bateman claims that S & P's investment performance has been "on the good side of average." He accepts that some of the UK funds have been unexciting "but overseas I think we are beating them all."

Being more than 60 years old, S & P inevitably has a number of big, mature funds which are unlikely to sparkle. It has, for example, the £270m Investment Trust Units fund which is never going to bead the short-term charts but could easily win a tortoise-and-hare race over a longer course.

So S & P, which promotes itself in its current TV advertising campaign as "the investment house," emphasises consistent long-term performance.

"We aim for the top quartile, not the top ten," says Paul Bateman. "We are not a small, niche house offering spectacular performance in a few specialist areas."

Nevertheless, the overall performance of the group in recent years has not been particularly brilliant, although it is showing eome signs of improvement. The latest survey of unit trust management groups, included in the February issue of Money Management, puts S & P in 38th position according to one year performance; a considerable improvement on 1986 when it was ranked 61st.

Over a one year period, according to Money Management, 54 per cent of S & P's funds performed above the median of all funds, but over three years only 46 per cent were above median. In 1986 the comparable figures were 31 and 33 per cent, so the group has done better even if it is not amongst the leaders.

It is intended that Save & Prosper will retain its separate name and identity. It will continue to focus on retail-type products whereas Robert Fleming has operated in the institutional market for big clients such as pensioo funds and investment trusts.

However, there will be some tidying up in individual private client management services, where there has been a degree of overlap betweeo Fleming's "high net worth" customer base and S & P's elightly less well-heeled clientele.

Elsewhere, bringing S & P totally within the Fleming fold will make it a little more simple for S & P to market banking products such as the high interest account and the Visa credit card which it already offers in association with Fleming.

Home loans rise

MIDLAND BANK'S competitive thrust in the mortgage market has proved shortlived. It announced this week that it is raising its home loan interest rate from 9.75 to 10.3 per cent, effective from Monday.

The bank surprised everyone in December by suddenly cotting its loan rate, from January 1, from 10.5 to 9.75 per cent — well below the rate charged by other clearing banks and leading building eocieties. Now Midland has to come back into line.

The bank said it had anticipated a further fall in interest rates. Instead it had steadied for the moment at least, although the bank believes rates will fall over time.

With the seasonal lull in mortgage business, the lower rate failed to attract much extra business for the Midland.

Cbeapest mortgage rate available at present is 9.25 per cent, offered by various intermediaries on behalf of the Bank of Ireland, but currently rates appear to be hardening slightly in line with the trend in the money markets.

For example, First Mortgage Securities is offering, from Monday, home loans at a fixed rate of 9.99 per cent guaranteed for two years. Its last fixed rate offer in January was at 9.8 per cent.

First Rate mortgage products are marketed exclusively by Sun Alliance and are available via independent brokers, intermediaries as well tied agents for the insurance company.

The loans are restricted to endowment or pension mortgages, and you pay a fee of £150 to secure an option on the money, as well as an additional administration charge of £150.

Allied Dunbar this week announced the introduction of a low start homebuyer version of its adaptable endowment plan. To help first-time buyers, contributions to the low start scheme are initially set at a reduced level and then increased by 25 per cent annually for the following four years.

John Edwards

John Edwards views a golden disaster area

Lacklustre market

GOLD HAS not proved the traditionally safe haven for investors, especially in sterling terms, since the stock market collapse in October. In fact it has proved a bit of a disaster area.

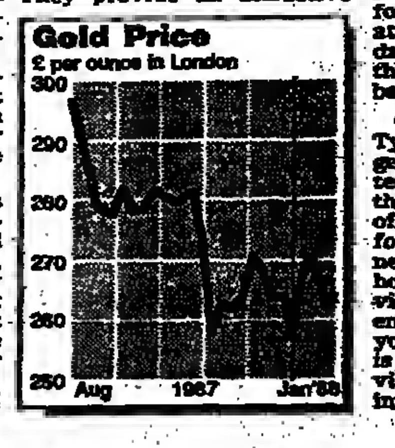
The bullion price instead of surging above $500 an ounce, as confidently expected by brokers forecasting increase demand for tangible assets, has fallen back instead. This week it weakened further overshadowed by reports of a big gold-backed loan planned by Newmont Mining.

Shares of gold mining companies have fared even worse, hit by the failure of the bullion price to rise even io dollar terms, and the general collapse in the stock market.

One of the worst hit markets was Australia, where gold mining and exploration shares had soared on speculative buying, but then dropped in value by some 60 per cent after Black Monday. There has been a bit of a recovery since then but the Australian gold mining sector remains extremely depressed.

Nothing daunted the Tyndall group has decided that now is the right time to launch a Pacific Gold Trust, which it claims is the first UK authorised unit trust investing solely in gold shares in Australia and the Pacific region.

Jonathan Bradley, Tyndall managing director, says that gold shares, which suffered worse than average in the Australian stock market debacle, now offer exceptional value. They provide an attractive alternative for investors wanting to get into gold but unwilling to buy Sonth African stocks.



Not everyone would agree with that view. Some analysts consider that Australian gold stocks are still over-valued and there is obviously a large element of risk, bearing in mind the volatile nature of the Sydney market. This is recognised by Tyndall who are deliberately not having a fixed price offer for the fund; it will be available at 50p a unit on the launch date(Monday) only and after that will be adjusted on a daily basis.

● Coinciding with the launch Tyndall is running a Gold Digger competition in which contestants are asked to write why they consider the Pacific Basin offers exceptional opportunities for investing in gold. The winner will receive a fortnight's holiday in Australia including a visit to a gold mine. You can enter the competition, even if you do not invest in the fund. It is open to all to avoid being viewed as an inducement to invest.

Mine owners groan

SOUTH Africa's mine owners gave a collective groan this week when they read of rumoured government plans for a wage freeze.

By the end of last year's December quarter the gold mining industry had almost fully recovered from the effects of last August's three-week Black miners' strike and there were hopes that labour relations would be less confrontational this year. However, Black unions are unlikely to co-operate in a wage freeze which would hurt Blacks more than Whites.

Tbe combination of higher wages and operating costs, adverse rand-dollar exchange rate shifts and comparatively stodgy gold prices have left many mine managers concerned about this year's industry prospects.

When the Black miners' strike was ended abruptly by mass dismissals in August, industry and union leaders declared no-one had won or lost and that the strike had been a valuable experience. That was for public consumption — the private reality was different.

Just less than a fortnight ago Mr Ken Maxwell, managing director of the strike-and-violence-hit Randfontein Estates gold mine, said he believed the all-Black National Union of Mineworkers (NUM) had "an agenda for further disruption." Within days of Mr Kennedy's statement the mine was hit by fighting which left five Black employees dead, over 60 in hospital and almost 500 sacked. Mr Marcel Golding, the NUM's deputy general secretary, believes the latest violence to be the aftermath of the August strike. Randfontein sacked hundreds of strikers who did not re-apply for their jobs before the company's return-to-work deadline and replacements were apparently largely recruited in Kwazulu.

Taking that a step further, the fighting at Randfontein may well be an extension of the deadly battle for supremacy in Natal between the predominantly Zulu Inkatha movement and the United Democratic Front (UDF). If this is the case, and it is largely supposition at this stage, the mines face a torrid year if the UDF-affiliated NUM and Uwusa (United Workers' Union of South Africa), Inkatha's union off-shoot, compete for members on the gold mines.

It's not a prospect the mine-owners relish. They have enough problems as profits are crimped by rising costs and stagnant gold prices. By last year's fourth quarter ten of the country's 34 major mines were unable to generate profits which covered their necessary capital expenditure. Nor, in these early days of 1988, is there much hope of a gold price rise coming to the rescue of the deficit mines.

Johannesburg stockbrokers fear gold will remain under a cloud while the world remains pre-occupied with looming recession. As long as fears of recession outweigh fears of resurgent US inflation the dollar's collapse is unlikely to lead to corresponding dollar-gold price increases.

Snatching at straws, one stockbroker expects the South African Reserve Bank to allow the rand to drift down against the dollar. The managed exchange rate decline will be calculated to give a rand gold price rise which simply covers the mines' operating cost increases.

It's consolation of a sort, but maybe too little to cheer shareholders of mines involved in large capital spending programmes. Dividends are already being cut and further cuts could be around the corner if mine managers decide retentions are needed to finance future capital spending.

Jim Jones

Units rules change

UNIT TRUST groups will be able to continue the present system of dealing in units at predetermined prices under new rules announced this week by the Department of Trade and Industry. But there will be a whole set of new restrictions, which may force many groups to deal at unknown forward, prices as well.

Last autumn the Securities and Investments Board was adamant that unit trusts would have to switch to a forward pricing system to prevent abuse of the back-pricing system by managers. But the proposed switch to dealing at unknown forward prices aroused considerable opposition from unit trusts gronps and investors.

The DTI, which then took back the responsibility for setting the rules, has adopted the good old British habit of compromise when faced with implacable opposition.

It proposes that managers can do use forward pricing, backward pricing or both.

However, it is not a clear-cut victory for the old guard in the unit trust industry. The use of backward pricing is hedged with restrictions, while other requirements could well impose practical problems for managers using backward pricing.

If they deal on a backward basis managers must:

- decide their spread at the begining of the dealing period and inform the trustee.
- deal at this spread for all transactions except large ones(£15,000 or more) unless they move to a forward pricing basis for all deals.
- cease to deal on a backward basis if they know, or have reason to believe that the fund value has moved by 2 per cent or more.
- deal on a forward basis if the unitholder requests it or if no price is agreed.

However, the real crunch is likely to come from the rule that managers will have to inform trustees within two hours of the valuation point of the number and/or value of units they wisb to create or cancel at that valuation.

Managers may not give creation or cancellation orders at any other time. They must request at least sufficient units to enable them to fulfill all purchase orders taken. They must tell the trustees straightaway if they revalue the fund.

Thus if a manager values at noon prices he must give his trustees his order by 2 pm. It is unlikely that the price will be calculated much before that time. So the manager on a backward price basis will have no firm idea of the number of units required, though on a forward basis he knows precisely.

These new regulations, which are the final version, will operate from July 1. Unit trust managers are studying the likely effects.

● Investors are not generally deserting the unit trust industry following the October crash.

The December sales figures show that more units were bought than cashed in during December, some £150m.

The buoyant sales during the first nine months of the 1987 ensures that the year as a whole would be a record one.

Eric Short

Equity fund launch

EQUITY & Law, which has just been taken over by a French insurance group, is launching a British Fundamentals Trust on February 8. Tbe fund is designed to achieve an income yield significantly above the FT All-Share index by investing in a mixture of UK equities, British Government and other fixed interest securities.

Initial portfolio will include UK blue chip shares, which John Smith, chief investment manager, says are now giving historically high yield and also are likely to outperform the market in 1988 just as they in 1976 following the 1974 crash.

The new fund will have a fixed offer price of 50p for three weeks from February 8, and over discounts of up to 1.5 per cent to investors who purchase units through independent financial advisers. Minimum investment is £1,000

•••

SAVE & Prosper International is offering a 2 per cent discount to investors putting a minimum of £1,000 or $1,000 into its Global Portfolio Fund before March 31.

•••

A CONVERTIBLES fund, aimed at being the highest yielding in its sector, is being launched on Monday by Edinburgh Fund Managers. Estimated initial gross yield is 7.9 per cent.

Units are available at a fixed price of 25p up to February 19 and a one per cent bonus allocation will be given to investors during the launch period. Minimum investment is £500.

•••

BROWN SHIPLEY is introducing a Convertible and General Fund, which offers unit-holders quarterly income facility. The fund is expected to provide an initial gross yield of over 7 per cent annually and the first quarterly dividend will be paid on May 1.

Units will be offered at a fixed price of 25p for three weeks from Monday and during the launch period there will be a one per bonus allocation of units.

J.E.

A loophole closes

THE INLAND REVENUE is closing yet another loophole in tax treatment of life assurance contracts. The change will particularly affect Maximum Investment Plans, which provide an opportunity for bigh rate taxpayers to draw completely tax-free income. The deadline is February 25.

Most people consider that life assurance lost its tax advantage in 1984 when Nigel Lawson, the Chancellor, ended relief granted on life assurance regular premiums, Life Assurance Premium Relief.

For basic rate taxpayers this ie the case. Bot regular premium life contracts still have a tax advantage for high-rate taxpayers. If the policy bas qualification status granted by the Revenue, then any cash sums paid out after a certain period, usually 10 years, are free of all taxes.

Life companies have been designing contracts to make maximum use of this qualification status.

One particular design style has been to start off the contract as a normal regular premium qoalifying policy and then offer a series of options which would convert the contract into a non-qualifying format while retaining the qualification status.

A classic example of contract design relates to the so-called maximum investment plans.

The contract is basically a 10-year regular savings cootract. After 10 years, a series of options are available, one of the most attractive being to take tax-free cash income from the plan.

If the investor took the tax-free cash and invested in a life bond using the withdrawal facility, because the bond is non-qualifying the withdrawals would be subject to higher rate tax.

Under these maximum investment plans, if you continue to pay a nominal monthly premium, it can be as little as £1, then you can take cash withdrawals completely tax-free.

This sounds a highly artificial arrangement. But the Revenue has approved these plans as qualifying under the rules, as far back as 1968, though it is apparent that it has been far from happy with the situation.

Now it has taken legal advice, not on the tax aspects of these plans but on the contract law situation. The advice given is that the exercise of that option means that a new contract will be set up.

If the converted contract does not meet the qualifying conditions the original contract fails to qualify. End of tax planning devices.

Although hints of such action being taken have been apparent for the past couple of weeks, the life companies are still upset by the Revenue'e action. They feel it bas created uncertainty and that there is too short a period before the new situation becomes operative on February 25.

Some contracts are definitely out under the new rules. But there are donbts over other cootracts which contain some form of option. Are they still qualifying policies?

Life companies may have to resobmit these cootracts for confirmation of qualificatioo. There is no way life companies will be able to produce replacement contracts for those that are definitely out by the deadline. There will be gaps in the companies' product ranges for some months.

Some life companies are querying why, after 20 years, the Revenue bas taken a new stance. It is very doubtful whether the decision will be challenged in the courts.

However, every cloud has its silver lining and theRevenue, by its actions, has given life salesmen a marketing opportunity on the buy-while-stocks-last theme.

Maximum Investment Plans are very tax efficient for the higher rate taxpayers. It gives them the ability to build np capital and then take tax-free income, at any time, from that capital sum.

Some investors, at present, may only be basic rate taxpayers, but sometime in the future may pay higher rate tax. They should take out a contract for the minimum monthly premium and make sure that it can accept higher premiums while retaining qualification status.

Some life companiee are already planning a major marketing campaign up to the deadline of Wednesday, February 24. Interested investors should not leave their applications until the last moment.

Eric Short

TSB offer

CHEAPER personal loans are to be offered by TSB England & Wales from Monday for a limited period. It is cutting the interest rate charged on personal loans of between £1,500 to £7,500 taken out over periods of up to five years by 2 per cent to 8 per cent — equivalent to an annual percentage rate(APR) of 15.6 per cent. Loans below £1,500 will continne to cost 10 per cent (APR 19.7).

The reduced rate loans will be offered for three-months only, bot the lower rate will apply to the whole life of the loan.

TSB said the special offer was aimed at obtaining a greater share of the personal loan market. Unlimited sums would be available. The special rate is well below the cost of personal loans charged by other clearing banks, which range from 19.5 APR upwards. But last month Lloyds announced it was giving free life insurance cover for all customers with a personal overdraft.

But the battle is now spreading outside the banks. This week Marks & Spencer announced that it is planning to offer personal loans and other services to its 2m. Chargecard holders.

M and S will test market the provision of personal loans between £500 and £5,000 on 80,000 Chargecard holders by April. The store will charge a maximum APR of 20.7.

J.E.

David Waller on a cautious note for investors

Small pitfalls

SMALL COMPANIES can grow far more rapidly than the unwieldy dinosaurs. A company with sales of £5m is able to double its size with greater alacrity than a Hanson or an ICI – and share prices will reflect this.

Statistics from stockbrokers Hoare Govett support this case. While the main market mustered an advance of just 8 per cent last yaar, an lodex of 1,200 emall companies advanced by 21 per cent. Small company shares outperformed the market es a whole by 13 per cent, despite the October crash.

Nevertheless, small investors should resist the temptation to invest everything in small companies. The problem is that a small company'e share price as indicated in a newspaper or on a screen is frequently alarmingly at odds with tha price the investor would have to pay for those shares if he bought some, or what he would achieve if he sold.

Marketability is the great bugbear. For those companies that do not qualify as alphas or betas, the price quoted by a market maker need be no more than indicative. In practice, such prices are often meaningless. In small companies, orders of any size in one direction or another will either be wholly impossible to execute or will bring about massive movements in the share price.

This difference between theoretical prices and real prices is not a post-crash phenomenon. It is neatly illustrated by the case of Georga Ingham, an obscure worsted spinner with sales of £2.5m a year.

Early in October last year, Ingham's shares jumped from 6½p to 130p. It took only one transaction in the shares to bring this about, but it was the first in four years. All that time the price quoted in the papers had stayed at 6½p – sitting on a P/E ratio of one and yielding 50 per cent – because no shareholder had consented to sell a single share.

Another pre-crash example. A set of new placing rules, introduced in the autumn of 1986 to coincide with Big Bang, had the effect of inducing paralysis in the shares of those companies coming to the market last year. The rules made it cheaper and easier for companies to float by means of a placing, and all but impossible for investors to buy shares at the issue price.

Last year, 75 companies joined the Unlisted Securities Market (USM). Of these, only four condescended to make their shares generally available to the public by means of an offer for sale. Most of the rest opted to place their shares directly with a group of chosen investors.

Everyone else was obliged to buy in the inflated aftermarket, where shares in those companies which made their debut before Black Monday enjoyed an average premium of 23 per cent in first-day dealings. Few of the placees would sell their shares and, under the new rules, market makers were allowed only an infinitesimal amount of stock for their books. As a result, the market in many amaller company shares was ossified by inertia.

The situation has worsened considerably since Black Monday. "No-one knows what the price is any more," laments Philip Henderson, fund manager at Ensign Trust. Alan McFarlane of Ivory and Sime concurs: "There is nil liquidity. The market in small company shares has seized np."

This depressing scenario is borne out by statistics from the Stock Exchange, which show that market makers responded to post-Crash turholence by cutting the size of their quotatiooe and widening their "spread" – the gap between their bid and offer prices.

Between October 19 and Novemher 13, the Stock Exchange reports that the average "touch" for gamma stocks – the difference between the best bid and the best offer among all the market makers in a given company's shares – doubled. At the same time, the average quotation size fell by two-thirds.

This made it more difficult to deal and had a dramatic effect on both turnover and bargain size. On the USM, the average daily number of transactions conducted in the last quarter of 1987 was 2,361 – nearly half the average daily rate of 5,121 bargains in the third quarter. Similarly, the average daily value of USM transactions fell from £38.7m in the third quarter to £24.7m in the fourth.

The Third Market – the home for the very smallest of companies, which celebrates its first birthday ou Tuesday next week – has enjoyed a yet more severe contraction of business. In the week beginning October 9 last year, there were 600 bargains. The weekly average is now less than 100.

It is in response to this dearth of turnover that the Stock Exchange acted on Monday to increase liquidity in the shares of the very smallest of shares, the delta stocks. Market makers are now allowed to quote prices in 100 shares, rather than 1000.

Some institutional investors maintain a sublime indifference to this liquidity vacuum. "If we have 350,000 shares in a small company," explains Trevor Pullen of the Prudential, "it does not matter if the market contracts from 10,000 shares to 1,000 shares. Our holding is for the long term, not for trading."

For most institutions, an investment in a small company is an expression of faith in its management. The holding, too big ever to be sold, will be treated as a form of venture capital where fluctuations ln the share price are of negligible consequence. Small investors will be less philosophical.

Know the risk

ALL UNIT trust promotional material carries a standard warning – which has proved especially relevant sioce October – that the "vaiue of units can go down as well as up. But Gartmore, following the example of some insorance companies, is taking the warning a stage further by giving an across-the-board risk rating to its 30 authorised unit trusts.

Each trust has been given a number from one (low risk) to four (very high risk) so that you can judge quickly what you are letting yourself in for – a gamble with a high risk/reward or a safer bet that is likely to give a relatively low return.

Peter Pearson Lund, managing director of Gartmore Fund Managers, says the idea of introducing a risk-rating system was triggered by the take-over last year of the Oppenheimer range of funds. These tended to be managed more aggressively, offering a high risk-reward ratio, while the Gartmore funds wsre fairly conservative in terms of portfolio weighting and price volatility.

So it had been decided to clarify the choice of funds offered by the merged group by using a eimple visual device (a triangle sign) and a number indicating if the fund was low,medium, high or very high risk. Lund ooted, however, that inveetors and financial advisers conld have differing views to Gartmore oo the risk classification.

Funds with a low risk rating are Extra locome, Fixed Intereat, High lucome, Income, International Fixed Interest and Practical Investment. Medium risk are American, British, European, Far Eastern, Global Income and Growth, Global, Hedged American, Japan, Managed Exempt aod Worldwide Recovery.

High risk are Commodity Share, European Selected Opportunities, Frootier Markets, International Selected Opportooities, Japao Selected Opportunities, Oil & Energy Trust, Pacific Growth, Special Sitoations, UK Smaller Companies, UK Selected Opportunities and American Selected Opportunites. Very high risk trusts are Australian, Gold Share and Hong Kong.

John Edwards

FT READERS (GREAT INVESTMENT) RACE

Portfolio of five shares chosen from FT-SE 100 under	Listed number of share from FT-SE as shown in accompanying table				
	Estimate of FT-SE 100 index at				
Entry number (Do not use)	March 31,1988	Juna 30,1998	Sept. 30,1988	Dec. 9,1988	
Nams	Address				

Last chance to enter

FT-SE 100 Companies with prices as quoted in the December 10, 1987 issue of The Financial Times

1. Amstrad Consumer Elecs. (115)	51 Imperial Chemical (£10⅛)
2. Allied-Lyons (329xd)	52 Jaguar (275)
3. Argyll Group (178xd)	53 Ladbroke (314)
4. Assoc. British Foods (300)	54 Land Securities (440)
5. ASDA-MFI (159)	55 Legal & General (249)
6. BAA (90xd)	56 Lloyds Bank (233)
7. BAT Inds. (411)	57 MEPC (429xd)
6. BET (221xd)	58 Marks & Spencer (177)
9. BOC (378)	59 Maxwell Communications (206)
10 BPB Inds. (237xd)	60 Midland Bank (362)
11 BTR (270)	61 Nat. West Bank (533)
12 Barclays Bank (445)	62 Next (269)
13 Bass (785xd)	63 P & O (479)
14 Beecham (429)	64 Pearson (635)
15 Blue Arrow (88)	65 Pilkington Bros. (197)
16 Blue Circle Inds. (304)	66 Plessey (137xd)
17 Boots (223)	67 Prudential Corp. (788)
18 British & Commonweelth (282)	68 Racal Elecs. (214½)
19 British Aerospace)318)	69 Rank Organisation (511)
20 British Airways (138)	70 Rank Hovis (306)
21 British Gas (127)	71 Reckitt & Colman (748)
22 British Petroleum (250)	72 Redland (389xd)
23 British Telecom (206)	73 Reed (369)
24 Britoil (277½)	74 Reuters (417)
25 Bunzl (157)	75 Rio Tinto Zinc (323)
26 Burton (224)	76 Rolls Royce (105)
27 Cable & Wireless (315xd)	77 Rothmans (373xd)
28 Cadbury Schweppes (237)	78 Rowntree (400)
29 Coats Viyella (248)	79 Royal Bank Scotland (323)
30 Commercial Union (325)	80 Royal Insurance (373)
31 Consolidated Gold Fields (883)	81 Sainsbury (222xd)
32 Cookson Group (461)	82 Sears (148½)
33 Courtaulds (330xd)	63 Sedgwick (189)
34 Dee Corp. (160)	84 Shell Transport (985)
35 Dixons (207)	85 Smith & Nephew (135)
36 English China Clays (375)	86 Standard Chartered Bank (463)
37 Fisons (243)	87 Standard Tel. & Cables (210)
38 General Accident (788)	88 Storehouse (240)
39 GEC (155)	89 Sun Alliance (770)
40 Glaxo Holdings (£10¾)	90 TSB (107)
41 Globe Invst. Trust (126)	91 Tarmac (208)
42 Granada (282)	92 Tesco (151)
43 Grand Metropolital (403)	93 Thorn EMI (552)
44 Great Universal Stores (£10½)	94 Trafalgar House (298xd)
45 Guardian Royal Exchange (773)	95 Trusthouse Forte (199)
46 Guinness (274)	96 Unilever (460)
47 Hammerson properties (440)	97 United Biscuits Hldgs (255)
48 Hanson Trust (121½)	98 Wellcome (377)
49 Hawker Siddeley (410)	99 Whitbread & Co 9274)
50 Hillsdown (250)	100Woolworth Hldgs (261)

THIS IS your last chance to enter the FT Readers' Race, run in conjunction with the Great Investment Race. The official closing date is tomorrow – January 31. But bearing in mind that the whole object is to benefit charity, we will accept entries posted this weekend.

You can send as many as you like but you must include a cheque or postal order for £10, made out to Charity Projects, with each one. They all provide extra funds for Charity Projects to allocate to charities helping young people who are disabled, homeless or suffering from drinks or drug abuse problems.

This year Prudential/Holborn, sponsors of the race, have generously doubled the first prize to £5,000 worth of Holborn unit trusts. The Financial Times is also contributing, in its centennial year, quarterly prizes for entrants in the Readers' Race who have the best-value portfolios at the end of March, June and September.

Bearing in mind the number of entries recelved already, It is expected that the estimates of the FT-SE 100 index on the dates, shown on the entry form, will be a crucial factor in deciding the winners.

It is assumed you have £55,000 to invest in tranches of £11,000 each in a portfolio of five shares from those in the FT-SE 100 index that are numbered in the accompanying table. The idea is to select the ones you think will provide the best return by the end of the race In December.The best return Includes dividends as well as any rise in capital value.

When completed, post the entry form immediately to the Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY, and be sure to mark the envelope FT Readers' for easy identification.

A trust by any other name...

Christine Stopp reports on the merger king of the unit trust industry

THERE ARE no longer any unit trusts in the name of County, the NatWest's former unit trust group, which became the new bride of MIM Britannia in September last year.

Following the NatWest decision to be an independent intermediary, rather than a tied agent under the new financial services regime, it became inevitable that the bank's unit trust group would go, since it relied on bank branches for the vast majority of its sales.

MIM Britannia, is possibly the merger king of the unit trust industry. Born when Slater Walker Trust Management bought ont the Jessel unit trusts in October 1974, quickly followed by the National Group of trusts in early 1975, the group went from nine to 44 trusts over two or three months just as the bear market turned round. After the demise of the Slater empire, it was relaunched as Britannia in 1977.

The 1980e have seen the acquisitioo of the Schlesinger Group and, in late 1986, the reverse takeover by the MIM group. Britannia by that time had a reputation for being marketing rather than investment-led, with performance in the doldrums. The MIM team was seen as having a much better performance record (though it had only been running its own trusts for a year or two) and the merger, when MIM became the dominant partner as far as investment philosophy was concerned, was expected to pep up Britannia's image.

With all this activity in its history, it isn't surprising that MIM Britannia prides itself on speed and efficiency when it comes to merging funds. Mergers are a fact of life when you gain funds by acquisition on this scale. Marketing director Keith Crowley reckons that, if the Britannia group had never merged a fund, it would now have 95 trusts.

The Department of Trade and Industry would, of course, long since have cracked down to prevent the group running trusts with overlapping objectives. The County merger is at the moment on hold, since funds will not actually start to be merged until the summer.

In the meantime, they are being run by the MIM Britannia fund managers, but under the label Britannia Arrow. (It was part of the takeover deal that MIM Britannia should promptly cease to use the County name.)

Unlike the last two mergers, looked at in previous articles, this one involved only the funds; no Investment management staff went over to Britannia, and the leading figures at County have mostly moved to other organisations.

Unit holders are not consulted about takeovers between management groups, which may seem odd, since it is their money (or perhaps we should say the fee income ou their money) which is being bandied about. In this instance, MIM Britannia saw redemptions of about £10m in October, and since theo they have run at £2m to £3m a month. Crowley feels that this is an acceptable degree of leakage, especially in the light of the crash.

The unit holders will eventually be consulted aboot the mergers between County and MIM Britannia funds. Crowley expects the takeover to add only two or three trusts to Britannia's existing list of 34.

He points out an interesting anomaly of the merger husiness. While it may make most sense to merge the worse performer of a pair of trusts with the better fund, costs may in practice cause the merger to be turned on its head. For MIM Britannia it will be cheaper to merge the County funds into its own trusts, because of the relative positioos of the two gronps' trusts in terms of instrument duty outstanding.

Says Crowley: "If we had merged County Japan into our Japanese fund pre-crash, it would have cost us £20,000. The other way round would have cost £140,000." Former County investors may, therefore, find their trust loses its identity, even if it has a strong performance record.

It is not surprising that MIM Britannia is in cost-conscious mood; it paid £41.5m for County's £400m funds immediately before the October crash in the stock market – a price regarded by many commentators even at the time as excessive. In today's cooditions, after the crash, paying 10 per cent of funds under management looks a very fancy price to pay indeed.

As to whether the group got good valoe for its money, "only time will tell if we can get the funds organised and make it work," says Kelth Crowley.,

Two funds which MIM Britannia does intend to retain are County's Great British Companies and South East Asia trusts. Crowley thinks it probable that, when the mergers do eventually take place, the group will waive the initial charge for those unit-holders wishing to switch into its other funds.

The accompanying table compares the performance of a small selection of MIM Britannia and Britannia Arrow (the former County) trusts with simllar objectives. The Britannia Arrow funds are generally the better performers, although in several cases the margin is not all that great.

Britannia Arrow (formerly County) and MIM Britannia trusts compared.

(figures show results of £100 invested offer to bid, income reinvested for periods to 4.1.88)

	Since: 1.7.87	1.1.87	1.1.85	1.1.83
BA Extra Income	77.1	116.6	180.1	304.7
MB Extra Income	83.6	114.2	154.5	227.5
BA Internation Recovery	69.6	100.9	132.2	187.9
MB International Recovery	68.2	80.3	122.0	222.2
BA North American Growth	62.9	77.2	95.3	116.4
MB American Growth	62.8	69.1	89.3	130.4
BA Japan Growth	78.0	100.3	252.0	364.8
MB Japan Performance	82.1	96.0	179.4	330.6

Source: OPAL

For professionals

An exciting new fund is being launched. Eric Short reports

IT IS either feast or famina with Royal Life Fund Management when it comes to launching new unit trusts.

Last summer, there was massive media coverage when the group spent nearly £6m on its so-called Royal Event to launch three rather run-of-the-mill trusts.

Yet next week the company is launching its latest fund – the Emerging Companies Trust – with barely a whimper.

This fund looks to be a far more exciting prospect than those in the Royal Event but it is aimsd at the experieoced investor and independent professional financial advisers, not the general public.

According to Royal Life Fund Management, there are three big plus points for the fund:

● Following the October crash, this could be a good time to invest. The brochure refers to past experience that when the market does turn, it has moved up very fast.

● Smaller companies have overall given a better return than large and medlum sized companies. (Opal Statistics' unit trust performance figures show thet the average smaller company trust had a 2.3 per cent growth last year and 163.2 per cent over five years compared with a decline of 1.7 per cent last year for the overall averags for unit trusts and growth of 126.9 per cent over five years).

● The expertise and investment record of fund manager Edward Bowman in handling emerging company funds.

The glaring omission in promoting the Royal Event was in providing details on the underlying investment performance. However, when marketing to experienced investors, the underlying investment aspects must be given prime consideration. This tima, Royal Life Fund Management has not held hack in providing details.

Bowman's investment experience has been concentrated on amaller companies.

Investors need to remember that while growth prospects of these funds are good, unit prices are highly volatile and a humpy ride can be expected.

Minimum investment is £500 while charges are 5.25 per cent initial and 1 per cent renewal. The offer price is 50p, held until February 24, with discounts of 1 per cent for investments of more than £2,500 and 2 per cent for those of at least £10,000.

Donald Elkin on property rental problems

Let there be light

FOR MOST British expatriates, payment of UK income tax is purely voluntary. The income which their capital generates can be put beyond the reach of the UK Inland Revenue by the simple expedient of investing it overseas.

This happy position does not, however, apply to to profits from letting property in Britain. That is taxable whether it arises from the casual renting of your own home or from a substantial property letting business.

Unfortunately, piecemeal enactment of the law has resulted in different rules being applicable according to whether your income arises from unfurnished lettings (Schedule A); furnished lettings (Case VI of Schedule D); or from a property letting business - including furnished holiday lettings as defined (when Case I of Schedule D applies).

The result is a situation which is both highly confusing and s fertile source of argument between the taxpayer and the Inland Revenue.

Typical of the confusion are the rules relating to deductible expenses. The legislation sets these out in great detail for the purposes of Schedule A but, in total contrast, gives no guidance at all for Case VI of Schedule D, stating merely that tax is payable on "the full amount of the profits or gains arising in the year of assessment. . . "

Different rules relate to businesses. These approach the matter from the standpoint of what cannot be allowed – that is, anything which is not "wholly and exclusively laid out or expended for the purposes of the trade. . . "

Nevertheless, certain general principles can be identified, whatever type of letting is concerned. For example, you can set off against the rent received all outgoings of a revenue nature including maintenance, insurance, repairs, rates, ground rent and gardening as well as agents' and accountancy fees.

You can also set off interest on loans used to buy or improve the property provided that it is let at s commercial rent for more than 26 weeks in any 52-week period, the balance of the time being either available for letting, under repair or lived-in by you as your residence.

Naturally, interest relieved under the Miras (Mortgage Interest Relief At Source) scheme cannot also be charged in your letting account. But since the Miras maximum is £30,000, that should not prevent your claiming the excess interest on larger loans.

In the case of furnished lettings relief for the cost of furniture is also available, either by setting off the cost of replacements or, alteroatively, by means of an annual allowance of 10 per cent of the gross rent, less rates and the cost of any nther services borne by the landlord (electricity, telephone etc). This will cover not only long-life furnishings (furniture and carpets) but short-life furnishings (linen and crockery) and fixtnres (cookers and washing machines).

Businesses, which generally speaking can elaim a wider range of spending than other types of letting, have the further option of claiming "capital allowances" for all but short-life furnishings. This involves writing down the cost (and in later years the reduced balance) at 25 per cent per annum.

It follows that if your property is not let (or available to be let) throughout the year, apportionment on a time basis will be necessary in relation to many expenses including such things as rates and insurance.

But while revenue expenses are fully chargeable, no relief at all is allowable for capital spending such as the cost nf improvements, nor is there any relief for wear and tear to the fabric of the property.

Somewhat confusingly, what on the face of it appears to be revenue spending allowable in your account may not be, while capital expenditure apparently is. Thus, if you acquire a run-down property and incur substantial costs, including what wonld normally be regarded as repairs and maintenance, the likelihood is that the total outlay will be regarded as a capital expense.

However, potentially the most beneficial treatment arises if your letting is treated as a business - including furnished holiday letting - since you will then have the right to relieve the losses against any other taxable British income you might have.

• *Donald Elkin is a director of Wilfred T Fry of Worthing.*

Some pride amid the prejudice

HOW DID the stock market crash in October affect the really long-term investor? In August, the Weekend FT featured articles by "Academic Investor" explaining the long-term philosopby used to manage an investment portfolio on behalf of an Oxbridge cnllege with the aim nf a satisfactory result in real terms for the next century.

This week, Academie Investor assesses the impact on the college portfnlio of one of the biggest collapses ever in share price valnes.

ONE FEATURE of the simple system that has provided satisfactory results in real terms to the college portfolio over the past 34 years is that changes in investments are considered only once a year.

Human impatience, however, leads us to have a mid-year valuation just to see how things are going. Short-run changes in market valuations are no use as a guide to prospects for the next century, so no action is taken whatever the results. But if they look good we feel cheered (however irrationally), while if they look bad we can atress their unimportance.

This year's mid-year review, covering the six montha to December 31, was of special interest since it included Black Monday and the further subsequent decline in the markets.

As expected, in a simple sense the valuation looked bad. The unit value depreciated by 19 per cent from June to December. But onr amateur pride was comforted by the larger falls suffered by the FT 30-share index (down 23 per cent), the FT-SE 100 index (25 per cent) and the All-Share index (26 per cent.

The Income figures were decidedly more cheerful. On an annual basis, the income from our unit of holdings for the half-year was 12 per cent above 1986/87. What is more, at 5.3 per cent of the end-year valuation it was well above the comparative yield on the three FT indices.

Looking at the valuation in more detail, the depreciation on our UK equity holdings was, in fact, 21.5 per cent. The portfolio as a whole gained by starting with 16 per cent in fixed-interest securities, which depreciated in value by only 1 per cent. However, the portfolio lost by having 14 per cent in North American equities where the depreciation (in aterling terms) was 26 per cent.

Assessing the decisions made at the annual review of the portfolio, we gained clearly from the policy of making net sales of equities and increasing purchases of fixed-interest securities. Hindsight says we should have made a much bigger switch; but our motive at the time was simply to adjust the long-term balance of the portfolio to deal with the large reverse yield gap. This weakened our traditional preference for a big preponderance of "real" assets.

While the decision to reduce equity holdings turned out well, the choice of which main shares to sell has proved unfortunate, taking the very limited six-month view.

We sold the whole of both our holdings in investment trusts specialising solely in Japanese stocks on the ground that Japanese sbares seemed absurdly over-priced in relation to profits. As it turned out, these trusts fell little in price over the six months.

On the whole, price movements in our equity holdings have beeu less varied than usual during the six months reviewed; the great majority fell in value by between 10 and 35 per cent. Britoil was the outstanding exception with a rise of more than 40 per cent.

On the down side, the three booby prizes all went to American companies. Chiron was bottom with a fall of 61 per cent. Fortunately, our bolding was very small – part of a bunch of high-tech company holdings where one is prepared for some failures. The other two big losers were in a very different category – Schlumberger (down 46 per cent) and IBM (39 per cent).

All in all we feel reasonably satisfied, even after the crash. We have suffered no cuts in dividends and our income has been rising faster than the inflation rate. Our hope of doing reasonably well on our two-century test remains much the same.

Worthless shares

I am writing to ask for your assistance in establishing a loss for capital gains tax purposes.

In June 1984 I bought 2000 shares in a company called Flair Resonrces but the shares were later suspended from the USM. I have heard nothing from the company and do not know of its address and now presume the shares worthless. However, the inspector of taxes requires proof that this is so.

Wnuld you please let me know if the shares are worthless so that I may convince the inspector to let me know any other tips I might take.

No doubt yon have seen our warnings against premature claims that shares have become nf negligible value - the general *rules being that you should not* snbmit such a claim in a year in which the prospectiva allowable loss is not required to offset current chargeable gains in excess of the exemption limit; and that such claims should be submitted only in the first two or three days of April (in order *to secure maximum indexation,* while ensuring that the claims reach the tax inspector on or before April 5).

We take it, therefore, that you submitted the claim in question on April 1 or 2 last year (in order to reach the inspector on Friday, April 3), and that you hava potentially taxabla capital gains for 1986-87 which you wish to cover by the loss claimed.

That being so, why not ask the broker through whom you purchased the shares for information about the company? (This answer does not imply any opinion as to the value of your shareholding, of course).

A point of interest

I seem to remember reading in your column that if a solicitor holds a client's money for a length of time, then he is supposed to pay interest to the client.

On April 28 last year I gave my solicitor a cheque for £7,700 as a deposit on a flat I was buying. He sent this to the vendor's solicitor with instructions to hold it to his order, fully expecting to exchange contracts in a couple of days. It then transpired that there was a small technical disorder to the lease, although the expectation was that this would easily be corrected. In the event, contracts were not exchanged until August 11 and the vendor's solicitors beld my (cashed) cheque for £7,700 all that time.

When I asked my solicitor to claim interest on my money, he replied that interest would be payable on this sum nnly if the matter had not proceeded to completion and the deposit had been returned. As we did not exebange contracts until August, and as I could have changed my mind at any time up to this date, I feel that the vendor's solicitor is not entitled to receive interest on my money. Could you please advise me who is right.

It is necessary to distinguish money held by a solicitor for his own client and money which he holds for someone else. Here, the solicitor will have held the deposit as stakeholder, which would entitle him to keep the interest himself, or as agent for the vendor, which would mean that the vendor gets the interest.

Unit trust payments

I bought units in a few funds through a financial intermediary before the crash. I have not as yet paid for the units and therefore the units are not regietered. I have recelved the usual coutract rates. Often in the past I was told by this intermediary and annther that managers will cancel the units unless I send the payment soon. Once this intermediary, after reminders from me, realised after two mnnths that he forgot to order the units. By this time the units went up by 30 per cent but he refused to compensate me because the units were not paid.

Considering unit trust funds are npeu-ended and managers can sell the funds without consulting unit investors, unlike shareholders, I believe that if I refuse to pay for these units the intermediary management groups concerned have no chance of recovering their money, as I have not signed any contract with the intermediary. Is this true?

The manager's past failure to compensate you over the 30 per cent increase on his failure to order the units appears to have been unjustified: if the manager is a member of FIMBRA, you should ask that body to take up the matter with the manager.

As to your main query: if you order through an intermediary you have a contract (usually oral) with that intermediary. You can therefore be required to pay provided the units you have ordered are available. If only different units are available the contract will have been frustrated, and cannot be enforced by or against you.

Nasty shock

I moved into my present house some eight years ago, prior to which it had been a hairdresser's shop. I converted it to a private residence.

It now turns out that I have been on commercial tariff for electricity all this time due to no fault of my nwn or the electricity board as neither of us was aware nf the situation. The question is, am I entitled to a refund? The board says no as the situation is not its fault. The electricity consultetive council apparently agrees. I say the board has some of my money to which it is not entitled, even though this might well be my own fault for not telling it.

As you did not inform the electricity board of the change to residential occupation, you took up a contractual obligation to pay the commercial tariff. Accordingly, you cannot recover from the board the difference between what you hava paid and what ynu would have been charged on a domestic tariff.

Copying lost deeds

My wife and I have been sole owner-occupiers of our bungalow since it was completed in August 1972. Unfortunately, despite lengthy enquiries by us and a solicitor, our deeds have been lost in this period. We are not entirely happy with the efforts of the solicitor to reconstruct some deeds, which we feel could have been achieved within the 10 months or so that he has acted for us.

Could we, on our initiative, tackle reconstruction of the deeds without the services of a solicitor and, if so, what is the procedure? One of our neighbours has also been the sole occupier of his bungalow since its completion in April 1972, so it would be possible to borrow his deeds for copying. Both properties involved the same developer and builder.

While it is possible for you to effect your own reconstruction of the lost deeds, there are numerous technical difficulties and pitfalls which might arise and that makes it far wiser to have this done by a solicitor. If your solicitor is dilatory, get another.

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

A minor matter

Is it possible for a child under the age of 18 to own property? Could he purchase a house, or could a house be purchased and be held in trust for him by, say, his parents? What would be the taxation situation regarding capital gains in the latter case?

Yes, in the case of personal property (chattels etc) but no in the case of real property (land), except that a minor can own a beneficial interest in land. Hence, two or more people of full age can hold a house in trust for e minor, but the minor's name cannot appear on the title. All taxes would be dne from and payable by the trustees.

Golfer's lament

About three months ago I was invited to a company golf day at a leading local club. As I returned to my car at the end of the day, a ball narrowly missed me and damaged my car sunroof.

It transpired that the mis-hit shot had come from the practice ground which runs parallel to the car park. The only player practising came to see the damage done and, without apology, suggested I supply estimates for the work to be done.

The eventual repair work cost £86 and I was reluctant to claim on my company car insurance because this carries a £50 excess. So, the receipted account was sent to the golfer in question.

I received a reply from his insurers claiming their client was not liable and that the club was responsible. Unfortunately, the club has now disclaimed responsibility also and suggested I take the matter up with the member to claim on his golfer's insurance (I understand no golfer's policy exists).

I am now confused as to who is responsible and wish to pursue a claim as a matter of principle. So much for golfers being gentlemen!

The individual golfer remains liable, whether or not he le insured. Yon can bring proceedings against him in the small claims court.

BRIDGE

MY FIRST hand today is taken from a teams-of-four match of fair standard:

N
♠ K 8 5
♥ A 7 5
♦ A 7 4
♣ 9 5 3 2

W
♠ 10 7 3
♥ 6 2
♦ 10 8 3 2
♣ Q J 8 6

E
♠ Q J 9 2
♥ K 10 9 3
♦ Q J 6
♣ 10 4

S
♠ A 6 4
♥ Q J 8 4
♦ K 9 5
♣ A K 7

North dealt with both sides vulnerable and the bidding was identical in both rooms. After passes by North and East the bidding was opened by South with one no trump, and North raised to three.

In one room West led the club six, and East's 10 was permitted to hold - this was an unnecessary hold-up. Winning the club return with his ace, the declarer led tba queen of hearts, finessed, and lost to the king. After some thought East led tha spade queen, which gave nothing away, dummy'e king won, and the heart ace was cashed.

When dummy's last heart was led, West showed out and two tricks in each suit was all that South could make. The heart finesse was ridiculous - it could not possibly gain - and declarer met with well-deserved defeat.

In the other room, against the same opening lead, the declarer won the first trick with his ace, crossed to the ace of hearts and returned the five, which East covered with the 10. The knave won and South crossed again to dummy's king of spades to lead the last heart. East took his king, and now South had three heart tricks to add to his six other tricks.

Unless the queen and knave of hearts are supported by the 10, the finesse is taboo. The right play in such cases is to lead twice towards the hand holding the two honours. Only if two fast tricks are needed is the finesse acceptable.

We turn to rubber bridge:

N
♠ K 7 5
♥ 7 2
♦ 6 5 4
♣ A K 9 8 3

W
♠ Q 6 3
♥ Q J 10 8
♦ K 10 2
♣ 10 6 5

E
♠ 8 4
♥ K 9 5 4
♦ Q 8 3
♣ Q J 4 2

S
♠ A J 10 9 2
♥ A 6 3
♦ A J 9 7
♣ 7

South dealt at game all and opened tha bidding with one spade, North replied two clubs and South rebid two diamonds. Now North gave jump preference with three spades, and South carried on to four.

West made the obvious opening of the heart queen, East dropping the nine, and this was allowed to hold. Winning the knave with his ace, South ruffed the six on the table, cashed his spade king, led the seven and finessed his knave. West won, forced South with another heart, and now the contract was unmakeable.

The trump finesse was not a good idea. At trick three the declarer should cross to dummy with a club, cash ace and king and ruff a club. Now he cashes ace and king of spades, and ruffs another club. West discards - if he ruffs, it can make no difference - and now, perfectly timed, the losing heart is ruffed with dummy's last trump.

The established nine of clubs is led, on which South discards another diamond loser, and West can ruff or discard as he pleases.

By his precisely timed plays the declarer collected 10 tricks, losing one heart, one diamond and the queen of trumps. A tricky hand. If it occurred in a pairs contest, you would find that many Souths would fail to make four spades.

E.P.C. COTTER

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- feel "lost" without your secretary?
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- find it difficult to plan holidays well in advance?
- feel that overseas trips are less productive than they should be?
- not enjoy your job to the fullest?

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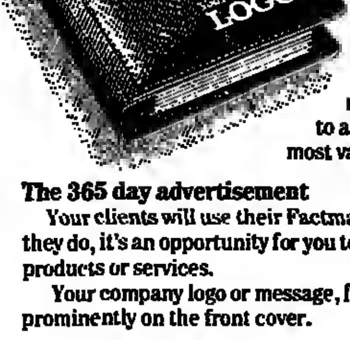

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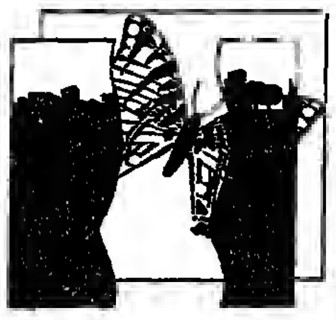
William Glenton on the hidden pleasures behind Genoa's facade

On the waterfront



Weekend Break

IN TRAVEL trade terminology they are called "gateways" – those handy airports through which holidaymakers can be fed to a range of nearby resorts. All too often the attractions around these convenient filter points get ignored in the process.

Genoa, on Italy's north-east coast, is a classic example. Few of the thousands who fly into the airport outside this ancient city, bound for the seaside temptations of the rivieras on either side, can appreciate it fully.

Some who jet in to join the cruise ships that turn round in its bustling port only get a frustrating glimpse of its rich historic and scenic pleasures. Yet in turning their backs on them they are in good company. Local lad Christopher Columbus did exactly this when he was desperately seeking sponsorship for his ambition to discover the New World.

Getting a firm rejection from city financiers, who thought he would sail over the edge of the world, he went to badger the Spanish instead. A little late, perhaps, the Genovese will be cashing in this year when they launch celebrations culminating in a 1992 festival to mark the 500th anniversary of Columbus's epic voyage. The festivities will be an added reason for visiting Genoa.

High finance has always been inter-linkad with history, art and fine palaces in Genoa. Go to cash a traveller's cheque in one of the grand banks along the Via Garibaldi and you could end up on a stately homes tour. Most of them are the former palaces of wealthy financiars like the Spinolas.

Even shopping can prove a cultural experience. The "Pomegranate Palace" (Palazzo del Melograndc) is now a big store with a huge statue of Neptune to greet customers. Other fine buildings have become an auction room, herbalist and university departments – all open to the public, although often by appointment.

There are far more obvious architectural and artistic sights in what seems an unending choice of fine churches, galleries and museums packed with great paintings and sculpture.

Paradoxically the one building that all visitors are inevitably taken to see is historically the most suspect. It is unlikely that the supposed home of Columbus, a brief stroll from the city centre, is the real one, but go if you must.

Common sense suggests that a mariner like him would have lived closer to the waterfront – a far more intriguing area to explore anyway. The 20th century has largely been kept at bay here among the narrow streets and alleys. Christopher could still feel at home among its washing-strung, humanity-packed canyons. Even the girls beckoning at corners in its red light district have an air of antiquity (as they so often do).

Go almost anywhere in and around this appealing city and you find a marked sense of history. No more so than by taking one of the four funiculars that carry you up to the scenic hills that run right down into Genoa.

From on high you can appreciate its uniqueness as a walled city. The fortifications stretch for miles over the rolling countryside punctuated every mile or two by some large fort or keep.

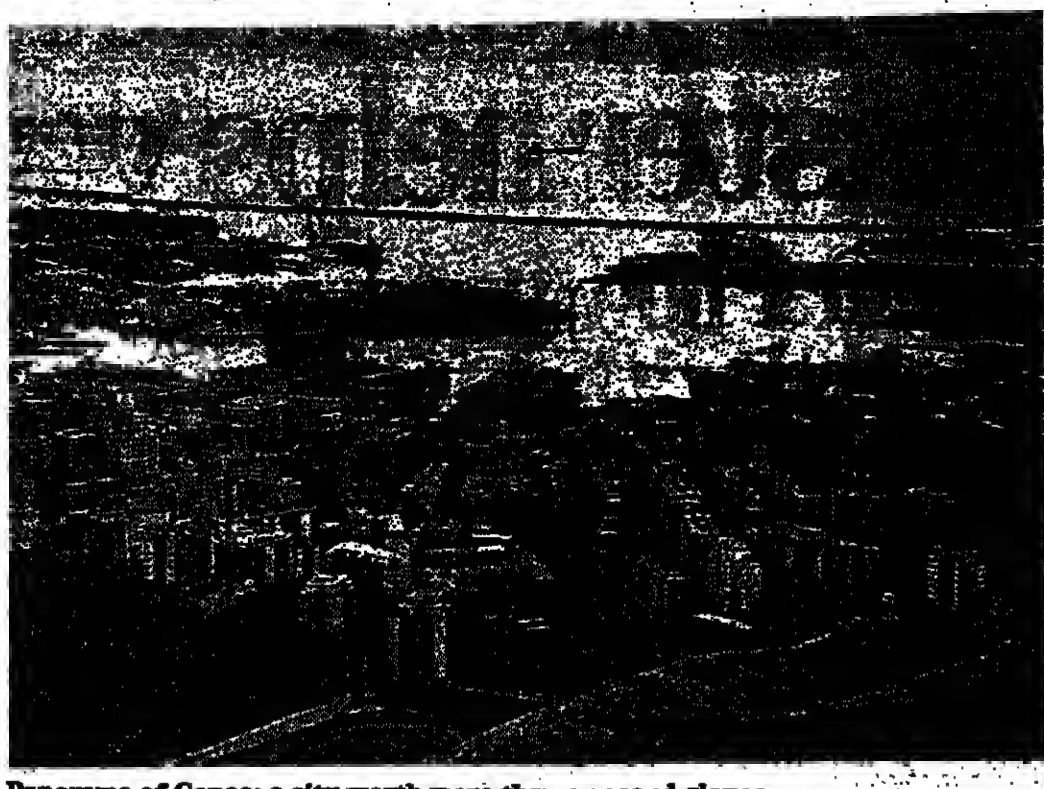
The ascent is worth it just for the views over the city, and north and south along the picturesque coastline. In the far distance are the Italian Alps. One imposing landmark is Staglieno municipal cemetery, on a steep hillside on the edge of Genoa. Staglieno is far more than a place of the dead. It has its own bus service, guides and one of the finest collections of great sculpture and architecture in Italy. Some of its giant tombs are as big and fine as churches.

Combining relaxation with the more serious aspects of life, or death, seems a strong virtue of the Genovese. A few steps away from the busy business and shopping districts and you are in some quiet piazza where you can enjoy a drink or snack under the trees. There is no shortage of good eating places. One of the best seafood restaurants is found a short driva south in the seaside suburb of Quarto.

It would be easy to miss, for like so much else in Genoa it hides its attractions behind a misleading facade. Outside, the Aotica Osteria del Bai looks like a squalid hovel with grass growing from the roof. Inside, the decor is as appealing as the delicious seafood. The Mediterranean lies just a fish leap away. Continue – a hire-car is well worth renting – along the coast and you are quickly in that lovely haunt of the rich, Portofino.

Nearly 500 years after his epic voyage of discovery, Columbus might succeed in putting Genoa and its nearby resorts on the map again. It is a gateway to more holiday pleasures than you imagine.

• One London travel firm, Italian Escapades, 47 Shepherds Bush Green, W12 (tel: 01-743 9555) includes Genoa in package deals from £347. Far more operators feature the Italian Riviera only. Independent travellers can use the British Caledonian direct Gatwick-Genoa service.



Panorama of Genoa: a city worth more than a second glance

A gulp of Big Air in cowboy country

I FELT a little like a cart-horse at Ascot. My young skiing companion turned to me at the top of Rendezvous Mountain and said: "Where I'm going to take you . . . you won't see many people."

Andrew Deenik had been specially selected to show me around the resort of Jackson Hole, Wyoming. Below us was America's only 4,000ft vertical drop. And a breathtaking view across a huge mountain-locked plain.

Unknown to me, I was about to undertake the most hair-raising day's skiing of my life.

Skiing Jackson Hole at one's own pace is sufficiently action-packed to satisfy tha most adventurous of skiers. Skiing it behind a human Exocet is like trying to enjoy a brilliant firework display while strapped to a Catherine Wheel.

"We'll start with a fun run," drawled the macho, monstachioed Deenik.

"What does that mean ?" I asked.

"Aw, it's just a cliff," he said. And it was. Fortunately there was a narrow corridor of snow which enabled us to descend.

At this point Deenik took off like a Harrier jet. "Wow !" he shouted. "Let's go for Big Air, man!" This, I gathered, meant a spot of ski-jumping.

He waited for me at the top of another precipice. It led to something called Expert Chutes.

"O.K. Let's pointem," he said.

"Sorry ?"

"Let's pointem. The skis! Let's pointem downhill." We pointedem.

Unlike most European couloirs, American chutes – steep, narrow gulleys – tend to have trees lying in wait for you. You can no longer turn at will. You either turn where the trees are, or you reach for your medical insurance card.

To my great relief, the demoniac Deenik finally bought it on a steep mogul field with the innocent-sounding name of Paipthrush. My moment of smugness was short-lived. In a trice I was tumbling after him, slithering on my backside at alarming velocity while my skis clattered down behind me.

It was only the next day, with a change of skiing partner, that I was able to halt the frenzied, break-neck pace and start to enjoy the stunning scenery.

The racing days of the resort's marketing chief Harry Baxter's are over. Now we were cruising like albatrosses rather than missiles. I was able to take in the immense open spaces that give such wonderful perspective to the mountains surrounding Jackson Hole. The resort is next to one of the most magnificent clusters of peaks in the world - the fabulous Tetons, which, as everyone is most keen to explain, is a French word meaning breasts. The Canadian trappers who gave them their name obviously hadn't seen a woman for months.

Opposite lies a vast, flat plain, or "hole" through the mountains some 80 miles long and 15 miles across. On the horizon is another mountain range, Gros Ventre.

Rendezvous Mountain was spotted in the late Fifties by Paul McCollister when he was looking around the town of Jackson about 12 miles away for a suitable location for a ski resort. To the dismay of some of the locals, he abandoned plans to build it at Cache Creek and chose Rendezvous instead, for he saw that it was good, and he saw that it was rough, tough and untamed.

It is indeed an extraordinary mountain. Until this winter it had only seven lifts, which on paper sounds an almost insignificant number. But they give you access to a staggering amount of skiing.

The resort is served by its own airfield. Flanked by the Tetons, it must rank as one of the most beautiful places to touch down on the planet.

To a degree Jackson Hole has been the victim of its own publicity. It has been depicted as a swashbuckling, unyielding, rocky giant only suitable for tough, uncompromising cowpokes wearing spurs in their ski boots. This image made humble beginners tremble in their boots.

McCollister, who even in his seventies still skis on his beloved mountain whenever possible, is trying to change that image. He is anxious to tell people about his other mountain next door – the much more sedate and gentle Aprez-Vous. It provides the Dr Jekyll to Rendezvous Mountain's Mr Hyde.

Beginners can enjoy the outstanding scenery while skiing on the gentle slopes, progressing later if they wish to the fiercer skiing.

It doesn't get much fiercer than a stomach-churning chute called Corbet's Couloir at the top of the Tram (cable car). Only the brave and foolhardy contemplate it. It involves a blind leap of 12 feet over an over-hang, landing in a steep gulley and (depending on how you land) skiing or tumbling to the bottom.

If you survive this – or more sensibly, make a detour – you then have the mouth-watering prospect of a skiing menu that you are unlikely to find in any but a handful of top resorts . . . through rocks, between cliffs, down steep, tree-lined chutes, and then, by way of relaxation, down one of the widest, most exhilarating, tree-lined ski "motorways" in the USA.

It is so wide that beginners can snow-plough and [illegible] to their hearts [illegible] diates can practise all their skills and the more advanced can go straight down.

Whether you blaze a trail down Buffalo Bowl or Bivouac, power down Pepi's Run or Pooh Bear, thud down Thunder, race down Riverton Bowl or schuss down Sleeping Indian or Secret Slope, once you've skied Jackson, other resorts may seem a little tame.

Arnold Wilson

Go for the snow

BRIEFING

IF YOU have a yen to see more of the Winter Olympics than a flickering screen, it is still not too late, writes Lucia van der Post. There are plenty of tickets available for most events, which begin in and around Calgary on February 14. Many hotels – in particular the Sunshine Village Inn 90 minutes west of Calgary – have tickets. With each pound buying roughly $2.35 Canadian dollars (compared with about $1.80 this time last year) a package that combines some Olympic events and some skiing of your own seems very attractive.

You could stay at the marvellously old-fashioned Chateau Lake Louise and spend a few days skiing at the resort of Lake Louise. Guests at the Banff Springs Hotel can ski all three of the nearby resorts – and Mount Norquay, Sunshine Village and Lake Louise.

Rickie Borman, 56 High Street, Ewell, Surrey KT17 1RW (tel. 01-393-2505) packages holidays to Canada and includes both Chateau Lake Louise and the Banff Springs Hotel in its programmes. Prices for 7 nights at either hotel start at £712 with an extra 7 nights added for another £310.

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An increasing number of tour operators are including US resorts in their skiing brochures. Seven-day Ski USA holidays start from £449 with American Dream (01-470-1181) and Rickie Borman (01-393-0127) and from £499 with Intasun Skiscene (01-851-3321) and Continental Airlines Tours (0293-776979).

•

A three-week botany tour of Western Australia is featured in Cox & Kings' new special interest programme. The escorted tour, which explores the wild flora on the 400 mile coastline, departs September 17 and costs £1,989. Further details from Cox & Kings, St James' Court, 45 Buckingham Gate, London SW1E 6AF, telephone (01) 931-9106.

Annalena McAfee

Stuart Marshall looks at the modern ways to keep your car clean

Time to wax enthusiastic

CLEANING MY car has become much easier of late although the mild, wet weather has made it a pretty fruitless exercise. My local Shell station now has two of the latest drive-through car wash machines, which give everything from a £1 wash and brush-up to a job that includes hot waxing of the body and underside and a blow dry for £4.

When first I saw the underbody wash, I thought this was something new. But then I remembered visiting a Danish BP site early in the 1970s that offered customers a gratis undervognsskylning. This, the manager explained, meant the free use of a bidet for your car. "We have a lot of salt on our roads in winter and Danish motorists like their cars to have clean bottoms." Quite.

So far this winter, the road gritters and salters have been notable for their absence, – in south-east England, at any rate – and long may it stay that way. If we do get some snow and ice, the machines with the underbody wash cycle at my local garage are going to be popular.

For south-west Londoners, Bizzy Bee of Battersea has an even better idea – a while-you-wait steam clean and hot wash of bodywork, wheel arches and sills, followed by a rinse and dry, all for £5. The company's main activity is car valeting, which can be anything from a thorough body clean, wax polish and interior vacuum for a small car (£25 plus VAT) to "The Works." That includes the washing and wax polishing; in addition, the upholstery and carpets are deep-cleaned by injection/extraction equipment. "The Works" takes about six hours and costs up to £65 for a large model, but the end result is a car looking like new.

A few customers spend this kind of money having a car done up before selling it, but most are company "user-choosers" with quality cars they like to be kept immaculately. Mercedes, VW Audi and BMW are the most popular makes.

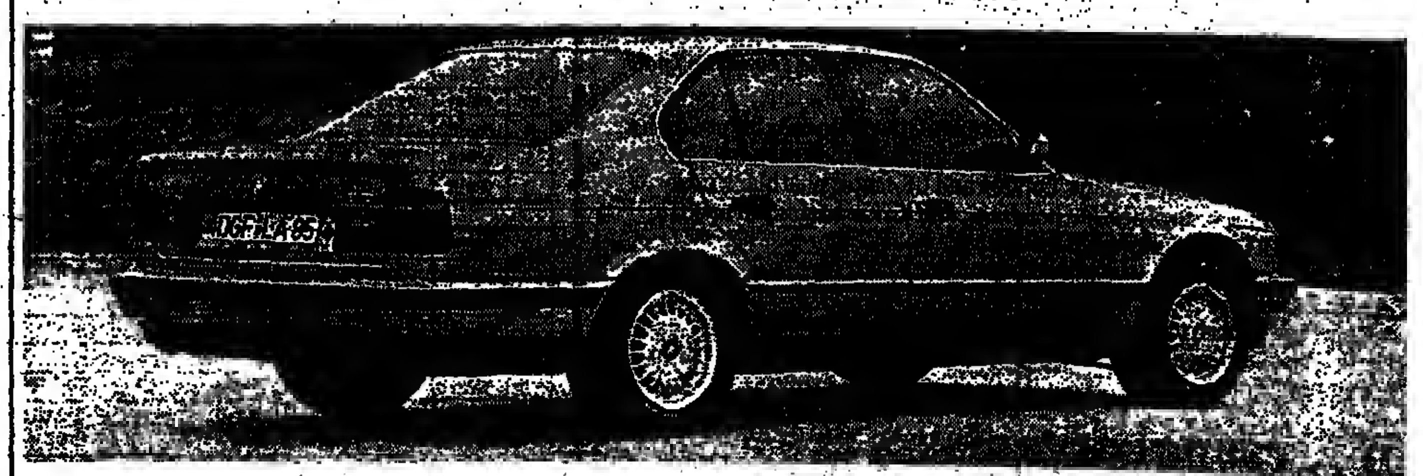
"We get the occasional Volvo estate that has become so appallingly dirty inside that the owner cannot face either the muck or the task of cleaning it," Bizzy Bee's young chairman, James Akin Smith, told me. "Dogs and children have been sick over the interior and chewing-gum has been trodden into the carpet."

Given the right chemicals and experience – and the professionals have both – neither of these nasties is a problem. Apparently, the worst thing to deal with is spilt milk. "It gets into all the fibres and turns into a mould that keeps growing," said Akin Smith, who cleaned hundreds of cars himself when he started his business. "But we have an enzyme preparation that fixes it, although it might need more than one go."

Nothing, it seems, is impossible for a skilled car valet except polishing dents out of bodywork – "and the odd customer even expects us to do that." Bizzy Bee takes in its stride the scrap merchant who drives his Rolls-Royce in working overalls and leaves the hide seats looking like a foundry floor. "After a thorough cleaning and treatment with hide food, the leather looks, feels and smells fine again," says an understandably satisfied Akin Smith.

The latest trend in valeting is to treat the cloth trim and carpets of new cars before delivery with Scotchguard. In the home, this process sidesteps many a domestic drama by preventing spilt glasses of red wine from ruining sofas. In a car, it ensures that seats and carpets will be cleaned easily if soiled and will preserve the resale value.

As anyone who has sold a car privately knows, the state of the upholstery is the first thing a prospective buyer – and especially his wife – takes in. Scotchguard treatment, which Bizzy Bee handles in the area bounded by the M25, costs from £30 to £50, plus VAT, depending on the size of the car. More information about car valeting and upholstery protection from 01-350 1446.



THE MEDIUM-sized 5-series has always had a special significance for BMW because it was the vehicle that, more than 25 years ago, kept the company in business. At that time, with a model mix ranging from the Isetta bubble car to massive eight-cylinder saloons, BMW had lost its way and was poised on the edge of the abyss.

Its renaissance began with the launch of the original 5-series, the 1500, at the Frankfurt Show in the autumn of 1961. From that day, BMW has never looked back.

The new 5-series is the fourth of its generation. It is much more a compact version of the top-of-the-line 7-series than a roomier 3-series. Some of its engines, transmissions and suspension parts come from the 7-series. It even looks rather like the bigger car. All that is missing is the bulk.

Last week in Portugal I sampled the new car, which comes only with fuel-injected, six-cylinder engines of two, 2.5, three and 3.5-litre capacities. Power outputs, with the full catalytic exhaust emission controls needed for Germany, range from 129 bhp to 211 bhp, and claimed top speeds from 126 mph to 146 mph (203/235 kmh).

There is also a 2.4-litre, 115-horsepower, 118 mph (190 kmh) turbo-diesel which will not, alas, be coming to Britain.

The patched, broken-edged and winding minor roads of the Algarve are no place to assess maximum performance. But they demonstrated something far more important to the majority of buyers - that for ride comfort, isolation from tyre noise, handling precision and road-holding, the new BMW 5-series cars have improved on the high standards of the old model.

My favourite was the least expensive 520i manual on 65- series tyres, pictured above. It had a great deal of go for a roomy four/five-seat, big-booted saloon with a relatively small although wondrously silky engine, and gave a featherbed ride over potholes and cobblestones that would have impressed a Jaguar owner.

The automatic 730i on higher speed-rated 65-series tyres also had wider wheels and stiffer damping, and the 535i manual was even firmer. But they still offered an unrivalled combination of ride, handling and performance.

When the new 5-Series reaches Britain in June, all models will have power steering, twin electric mirrors, tinted glass, power windows and central locking as standard. Up-market models will have alloy wheels, on-board computers and electric sunroofs.

The new cars are longer, wider and heavier than the old 5-Series. In Germany they are about 15 per cent dearer, but offer a lot more car for the money. UK prices are likely to be in the £16,000 to £25,000 range.

John Brennan looks at the lot of house-hunting MPs

For whom the bells toll

THE "division bell" area of London has no formal borders although members of the House of Commons and the House of Lords who want to be on call to the Palace of Westminster should, in theory, be no more than seven minutes' travelling time from their respective chambers.

When the first electric bells were installed last century in homes outside Parliament, they were tuned to make the clanging sound of the Serjeant at Arms' handbell. Until Victorian electricians provided an alternative, that handbell was the traditional call to prayers, for the start of debates, and to warn members that it was time to vote in a division.

Now, British Telecom has taken on the job of wiring the system, which includes the homes of MPs and lords in Westminster and parts of Pimlico north of the river Thames, Vauxhall and Kennington south of it, as well as selected restaurants, hotels and a few pubs.

Mrs J. Garbutt, communications manager of the Palace of Westminster, explains that quite a few developers make contact with her office to see if their property can claim fairly to be within the division bell area. In doing so, however, they are looking for a physical area that doesn't really exist. "All communications into the Palace have to be with the permission of the Serjeant at Arms," she says - but it is up to members of the two Houses to ask the guardian of the Palace to agree to having a bell installed.

It takes requests from six members to get a restaurant, hotel or one of the local pubs on line, and members who do have the bells – which look much the same as a handset-sized junction box – installed in their homes do not get the convenience of missing out on the boring bits of debates for free. Getting a division bell line installed costs £160 plus Vat and there is an annual charge of another £103.

But at least the one-way calls - and the ringing - come free; and for members whose interest in a particular debate is minimal, there is an on-off switch so the neighbours need not be concerned about living next to an MP or lord when Parliament runs into all-night debates with divisions being called through the early hours of the morning.

The map of division bell lines now stretches out as far north as Carlisle Place, at the junction of Vauxhall Bridge Road and Victoria Street; down to the middle reaches of Pimlico; and across the river as far as Kennington Road near the Oval cricket ground. Going north from Parliament, you run into the bleak stretches of Whitehall government offices; thus, the few domestic consumers of the bell service on that side of the House are concentrated in Downing Street which, among others, houses the Prime Minister and Chancellor of the Exchequer.

In the past, bells have been installed as far away from the Palace as Rupell Street, over the river by Waterloo Station. But as a definable area, division bell territory is really centred on the town houses and mansion flats of Westminster, the eastern grid of roads in Pimlico, and a sliver of south London beyond the Vauxhall and Lambeth bridges. "I suppose that, at any one time, there are four or five MPs looking for places in the area," says Gerald Fitz-Gibbon, manager of Prudential Property Services' Pimlico office.

"After a general election, there are obviously a lot of MPs looking for places and a fair number who are having to sell. Westminster, and as close as possible to the Houses of Parliament, is the usual first choice. But many are unable to afford that so they look up by the Tate Gallery and in the Pimlico grid: St Georges Square, Ecclestone Square, Warwick Place and around that area. It is less expensive across the river, in the roads off Vauxhall Bridge Road, and so they are popular areas for houses."

First win your marginal seat, then hope that you have sufficiently good extra sources of income to live near the job because, as Fitz-Gibbon says: "The basic price in the area for a modern one-bedroom flat would be around £90,000, and around £100,000 for a one-bedroom flat in the mansion blocks off the Horseferry Road. In Westminster Gardens we recently sold a two-bedroom, two-bathroom flat for £200,000, which is a reasonable indicator of prices."

There is strong competition for homes in the area from people working in the offices of nearby Victoria as well as City financial people, many of whom keep a place in Westminster or Pimlico and head for the country at weekends. So, tourists apart, this area of London, away from the high- speed drag track of the Embankment, can be surprisingly quiet at weekends.

Many MPs stay in London only while the House is in session, so there is an active rental market across the division bell area. "Some people want desperately to rent to MPs," says Deborah Nash, who looks after the lettings side for PPS in Pimlico. That is coriously trusting of them given the potential risk of auch legally-aware clients standing on their rights and getting commercial-furnished lettings converted to lower-cost fair rent tenancies.

A typical four-floor, three to four bedroom freehold house in the House of Commons divisioo bell area, 23 Maunsel Street, Westminster, SW1, offered by Prudential Property Services (01-834-9998) at £325,000

In Nash's experience, though, that is not a problem. "I think that if any MPs did try that, the others would be down on them like a ton of bricks. No one would ever let to an MP again."

Since they do play the game, MPs have to pay the going rate which, as Nash explains, runs from around £90 a week for a "very basic" studio flat, to between £140 and £175 a week for a small, modern one-bedroom flat.

A fair number of Foreign Office civil servants and executives of international companies have houses in the area, and so there are always a oumber of family houses to rent in Westminster and west into Pimlico. For a four-bedroom, two-bathroom house, you would expect to pay between £450 and £600 a week.

Just the right house, Jeeves

OVER THE next few weeks selected people will be visiting 22 Chester Street in London's Belgravia, now that David Shovel's Priory Estates has finished with it. But only one will fully enjoy the visit – the buyer. At the Chester Street end of the Grosvenor Estate the late Georgian terraces that line up between Eaton Square and the embassies and offices of Belgrave Square remain, for the most part, family homes. A fair number of those families spend as much time in the first class departure lounges of international airports flitting between their other homes as they do in London, but at least these streets have avoided the creep of offices and of "official homes" that have squashed much of the life out of Mayfair as a residential area.

You can generally gauge the wealth of most areas of London by the way the local police move about. In the heart of Belgravia the police-wealth factor is as clear as the number of the discreetly serious-looking burglar alarms on the houses. Gentlemen in blue, mixed with plain-clothes police, blend in to the street scene with just the right amount of quiet visibility to remind you that home buying around here means signing seven-figure cheques and the the first figure isn't always a one.

As David MacLean Watt, head of Cluttons residential agency says, in the Chester Square area there is "substantial demand for period terrace, houses providing between five and eight bedrooms with appropriately impressive reception rooms."

"Properties sold on Grosvenor Estate leases of under 50 years "have established a figure on the long lease in the region of £1.5m. Smaller houses in Belgravia have been obtaining figures in the region of £800,000, while there is evidence that sales of small bot attractive two bedroom mews houses, with garage and the advantage of being freehold, have attained £300,000."

Given that price range, 22 Chester Street waso't cheap when David Shovel bought the 49-year leasehold as a largely unmodernised, but structurally-sound, town house. Nine months later, with work completed by builder John Lelliots, architect Keith Douglas Partnership and interior designer Joanna Trading, it is still no bargain. But then pricing properties in the millions does take a combination of research and poetic licence.

Shovel's research involved seeing just about every other seven-figure house for sale in the area, and taking the guidance of joint selling agents Russell Simpson (01-225-0277) and Knight Frank & Rutley (01-824-8171).

As for the poetic licence, well, much of that can be supported by the design work and the quality of the finish. What, in fact, would someone expect to pay for a six-bedroom house completed to such a standard that you expect to see the wealthier characters from an Anthony Powell novel wafting in from the study at any moment? As the kind of place that even Jeeves would have regarded as snitable to buttle in, the pricing has to be, to some extent, subjective. In the event, Shovel and the agents plumped for an asking price of £2.4m, which is why only one of the visitors over the coming weeks is going to be entirely content with the experience - the one who buys it.

Finishing a house to this standard would be a rare treat for most interior designers, but for Joanna Wood, who now includes the Grosvenor Estate as well as Regalian, Bellmont and a host of other residential developers among her clients, the days when, as she says, "getting called in to do a whole room was a major contract" are long gone.

It is eight or nine years since Joanne, the Hon. Mrs Edward Wood, started in the interiors business by sorting out the curtaining for a few frieods' houses. Having a residential developer as a husband clearly didn't act as a drag on her progress, and Joanna Trading now has roughly half private clients, and does design work around the world. She is fairly cautious, having learnt the job herself, about employing people with formal training in design.

The problems of making the finished home look like the designs led Joanna Wood to gather together her own building team, so that she can take on complete refurbishment jobs. "We do get asked to advise on how many bathrooms a property needs to sell, how deep the skirtings should be, the panelling on doors, the positioning of doors and rooms, so it is far more than rearranging the flowers."

It's not cheap, either. Few people are likely to match the clients who spent £600,000 on the art-decor to place around a single room. "If you do ignore antiques, where you can apend any amount of money, then for a four-bedroom family house in Chelsea I think you'd expect to spend around £150,000 to decorate and furnish it well. You could do a studio flat for between £10,000 and £15,000. But there is no top limit. People do spend a million pounds on a property."

And how long might you expect the decoration to last before reaching for the designers again? "I don't think that anyone has ever actually 'finished' their house," she says. However, "In London I suppose that you might want to refresh a house after five years, perhaps ten. With an English country house, maybe every 100 years."

J.B.

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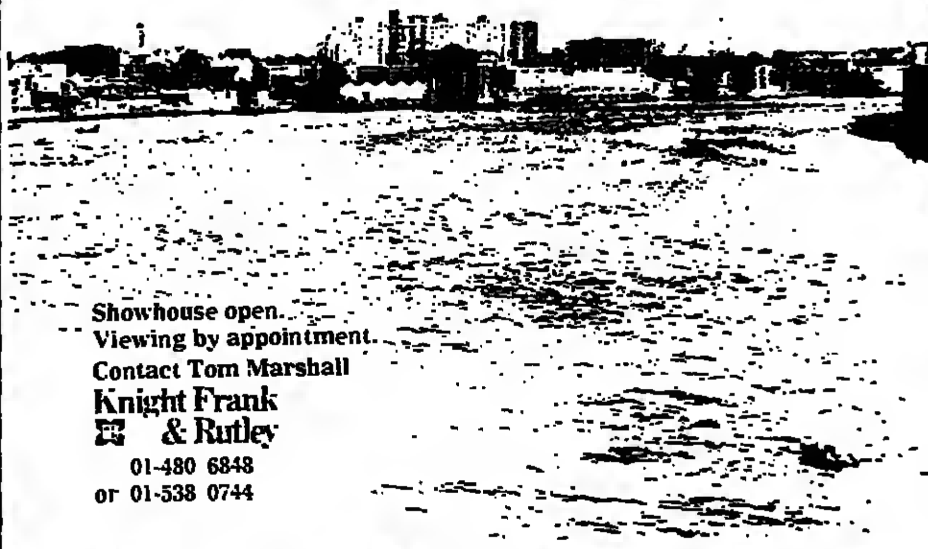

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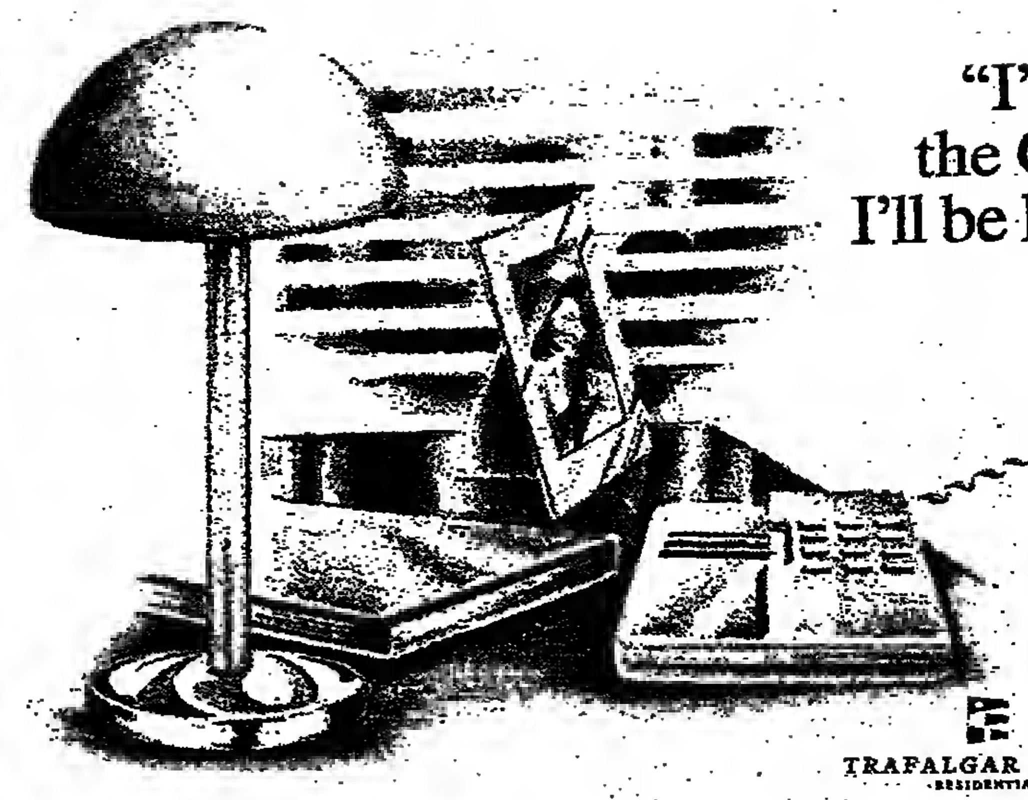

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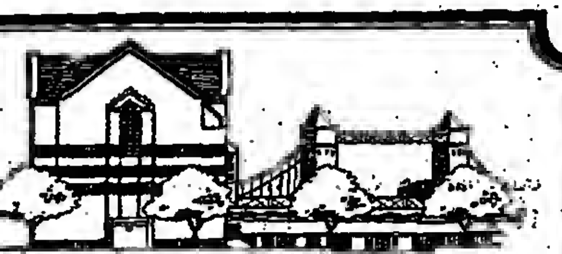

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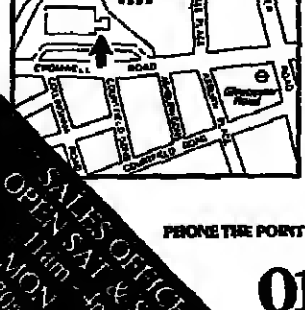

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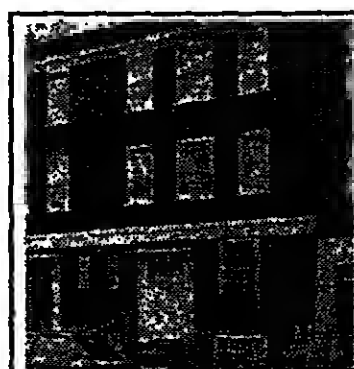

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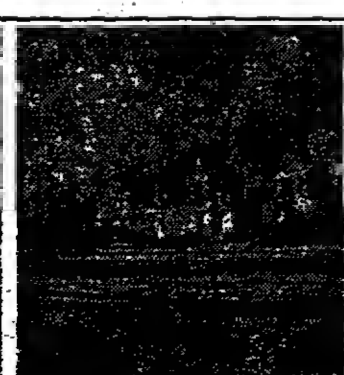

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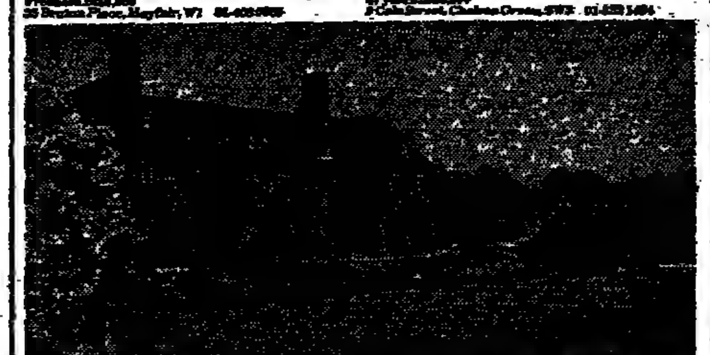

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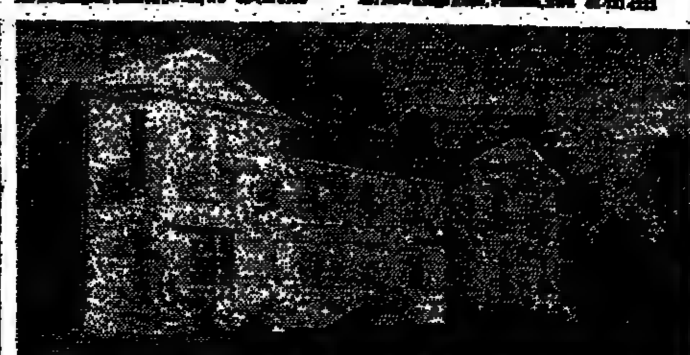

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· GARDENING ·

Arthur Hellyer on summer flower power

Promises, promises

PROVIDED the spring is not too frosty this promises to be an excellent year for camellias and rhododendrons. It is now possible to see very clearly what they hold in store. Certainly in my own garden the shrubs are excellent, and I hear similar reports from all around.

Precisely what it is that makes a good summer for flower bud productioo I do not know. Light is required and warmth, though oot too much of eitber, and there must be plenty of moisture in soil and air and evidently the summer of 1987, though not remembered with much pleasure by most gardeners, was very much to the liking of these two shrubs.

The buds of most of the varieties commonly planted in gardens are fairly tolerant of frost, but the flowers are not, so everything now depeods on what the weather is like when the buds begin to unfold. Precisely when that will be depends in part upon temperature, but even more upoo variety sioce each has its own built-in timetable controlled by inherited genes.

In fact there are camellias, varieties of Camellia sasanqua, which have been flowering on and off since the autumn for that is the nature of this Japanese species. It is often spoken of as too tender for outdoor planting, except in the mildest parts of the country, and is recommeoded as a conservatory plant. All this is perfectly true and yet this camellia is in every way as hardy as Camellia japonica which is parent of so many of the most popular and satisfactory varieties for ootdoor planting.

What makes one "tender" and the other "hardy" in this particular context is their times of flowering since C. sasanqoa opens its buds from October nntil April when frosts are common in most of Britain whereas C. japonica coocentrates most of its flowering in the spring, though, thanks to the mild winter so far, some buds have already started to open. It would be sensible for British breeders to coocentrate on producing late-flowering camellias, which have a better chance of encountering favourabie weather, bot I have not heard of anyone doing so.

The Camellias that are growing most rapidly in popularity are the varieties of Camellia williamsii which is a man-made hybrid between C. japonica and a southern Chinese species named Camellia saluenensis. Because of this hybrid origin varieties vary considerably in habits, type of flower and time of flowering, but in general the leaves are smaller, the stems more slender and the faded flowers tend to fall off instead remaining attached as those of the japonica varieties tend to do.

The most popular variety is Donation with quite large double pink flowers produced with extraordinary profusion. This is at its best in April when the daffodils are at their peak but it is a variety that continues in bloom for a good many weeks during which time in my cold garden it is usually battered by at least one frost sufficiently severe to turn all the opeo flowers brown. They can be

shaken or brusbed off qoite easily and within a few days the bushes are usually iooking quite smart again.

But, though hardly anyone ever says so, the williamsii varieties are not all quite as hardy as one would wish. Some have a streak of tenderness inherited from the Chinese parent and it has shown in recent years when we have had several very nasty winters.

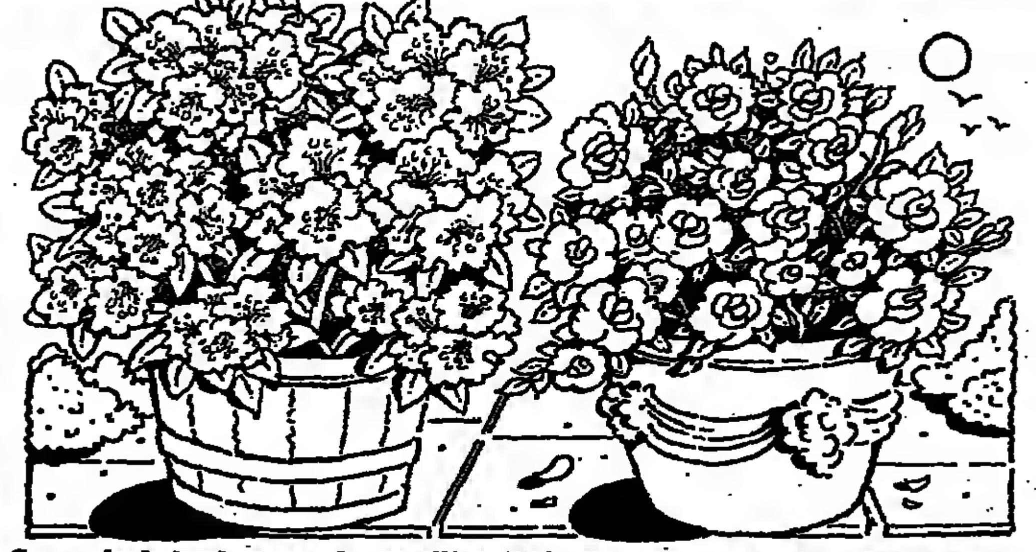
There are far more rhododendron species than Camellia species with a vastly greater distribution in the wild covering Asia, Europe and America so it is not surprising that there is a far greater range of sizes, types of growth and flower and also of degrees of bardiness. There are many that in this country are for greenhouse cultivation only and some that, like Camellias, though hardy themselves flower in winter when the flimsy petals are at risk from frost. All this was quite clear a century ago when far-sighted commercial breeders set themselves the task of producing varieties which would be tough in themselves and would not flower until May-June when the risk of frost severe enough to destroy the flowers is much reduced.

The result was the Hardy Hybrids still being added to today and still among the very best rhododendrons for general garden planting though they do not appeal greatly to rhododendron specialists partly I suppose because they are easy and common but also because they lack the variety of flower shape, size and colour which makes rhododendrons the most fascinating of all flowering shrubs. The popular image, derived from the Hardy Hybrids, is of big rounded bushes with large evergreeo leaves and dome-shaped clusters of closely-packed bell or cup-shaped flowers.

In fact there are rhododendrons which do not in the least fit this descriptioo; species with little tubular flowers or trumpet-shapet flowers some with dangling flowers, others with upward-facing saucer-shaped flowers. There are rhododendrons with tiny leaves and others with very large leaves, sometimes covered beneath witb dense brown down or with silvery scales which m ake them highly distinctive but these are often more difficult to grow since most need a rather moist mild climate and some shade. They are really woodland plants that thrive in moist western and south-western gardens.

By contrast some of the dwarf small-leaved rhododendrons succeed best fully in the open and make excellent rock garden shrubs. Some rhododendrons are also very richly scented but not unfortunately any of the easily grown Hardy Hybrids. For hardiness allied to perfume one must go to the deciduous azaleas, which are botanically rhododendrons, one of the sweetest and toughest of which is the common yellow azalea.

A limiting factor with allthese shrubs is their dislike of alkaline soils, usually caused in Britain by excess lime. It is possible to overcome this by preparing special beds of lime-free soil or by feeding with special fertilisers but it is better I think when soil conditions are very unfavourable, to grow rhododendrons and Camellias in large pots or tubs. The compost used can be of peat or peat and lime-free soil but if a proprietary compost of either type is used make sure that it is suitable for lime-hating plants.



Grow rhododendrons and Camellias in large tubs when soil conditions are unfavourable. Compost can be peat or peat and lime-free soil

Vroom with a ewe

Country notes

FOUR YEARS ago I decided not to sboot any more, partly because time had become too valuable and partly because I preferred to see the birds and hares living their own lives.

However, some months ago very old friends who farm on the Hampshire-Berkshire borders asked us down for a couple of nights and a day's shooting. I felt the pheasants were pretty safe from me since, a wonderful dinner, a very late night and over-fondness for the port made absolutely safe any game which favoured my position in the line.

Between stands the conversation turned to iow flying aircraft, prompted in this case by the regular appearance of helicopters; the tales aboot the irritation it causes seemed legion. It is a difficult matter because there is an obvious need to keep RAF crews up to scratch, but at the same time it is punishing stuff for those underneath.

I read in my Sunday papers that the ooise we experience every day may affect the chemistry of our brains in ways that change our emotions and mood; I can't say this surprised me. Noise is a curious phenomenon because yoo can get used to it; those who live next to a railway line seidom hear the trains, and animals which are subject to a regular pattern of noise also appear to be untroobled by it. Our sheep, for instance, live under an active flying circuit which is pretty noisy at the best of times and, at worst, very noisy indeed. However, they seem to graze happily even during periods of high intensity flying.

What animals do not like is sudden, unpredictable lood noise to which they are not accustomed – the sort of noise made by a pair of those American aircraft seen so much over East Anglia, or by a Tornado on a training mission.

This spring my lambing had beeo going rather well; the weather was warm and sunny, there were few complications and life during this always difficult time was taking on an agreeable hue. I had not given much though to an announcement in our local paper that a Tornado would be practising in our vicinity. Had I done so perhaps I could have warned the sheep to expect a rush of noise of quite stunning volume. At the appointed hour we had a number of births in various stages of delivery, half the flock were sunning themselves on what we call the lambing strip (a grass field adjoining the barn where the action takes place) and the remainder were already oot with their new charges.

The Tornado began its performance. The noise was indescribable and certainly produced a spectacular change in my brain's chemistry. It was doing something similar for the sheep. I have lived under aircraft for many years and never before dreamed of complaining, but I can only think the chemical change caused me to break a habit of a lifetime. There was a lot of chemistry happening in the shed too.

I telephoned by handset from the middle of the strip the appropriate number for matters of this sort. I explained that I was the shepherd of a flock which lived on the far side of the airfield and outlined in few words the difficulty as I saw it. I received a most courteous and full explanatioo oo why we were enjoying this free display: the need to share the display noise round the various RAF stations. It was not an easy conversatioo: when the Tornado was over me I couldn't hear him and when it was over him he couldn't hear me.

The Tornado is, of course, shatteringly noisy and guaranteed to raise heads. While I was shooting (missing actually) one of my fellow guests told me of a friend of his who was deer stalking in Scotland. He had pursued a stag for the best part of the day and finally settled in a position to deliver the coup de grace. The stag, however, kept just below a slight rise which prevented a safe and sure kill; for an hour and a half it remained thus and the hunter was beginning to give op hope of a kill before the light faded. At the very last moment a Tornado came down the valley, the stag raised itself into an alert and upright position, and that was that.

Bobby Robson

Sloane-Wallys fight back

Robin Lane Fox returns to the conservatory

THE NEXT few weeks are the season in which conservatories are supposed to come into their own. The winter sun should be filtering through the double glazing; the cold wind is left outside to bother the garden; there ought to be flowers on the white scented jasmine.

Many conservatory-owners have written to say they are not Sloane-Wallys and that, even if they were once, they made a better job of their conservatory when first they built it. I would like to return to the subject, partly because I have just had a new catalogue from one of my favourite suppliers of half-hardy indoor plants.

Where do you go to buy amber-yellow Angels Trumpets, eleven types of myrtle, and climbing white plumbago at £3.60, vat included? One answer is Burncoose & South Down Nurseries, Gwennap, Radruth, Coruwall (0209-861112), the 1988 catalogue of which includes the sort of varieties which you never quite find in urban conservatory shops, let alone at such straightforward prices. This year it is offering variations on three of my own conservatory favourites.

For years I have wished that the scented white-flowered climber, mandevilla, was truly hardy. It was introduced from Argentina 150 years ago by a sharp-eyed member of the Foreign Office named Mandeville. There are hundreds of forms of this plant growing wild in South America and, so far, gardeners have only penetrated the edge of what ought to be a sweet-scented jungle.

Personally, I have not penetrated very far: I tried a mandevilla outdoors where it will grow rapidly and persist in mild gardens, flourishing in the south-west of England. It died in its third year. The best place for it is indoors, especially in a cool greenhouse or a conservatory where the heating is not over the top. So long as you keep out frost, mandevilla suaveolens will grow rapidly and flower from July to August.

This year, Burncoose is offering something even better which I marked down at last year's shows. Mandevilla Alice du Pont is pink-flowered, not white; it has the same scent and figure as the white form and its flowers are shaped similarly like trumpets. The nursery states that it is "our choice as the best plant in the conservatory or cool greenhouse" and I would expect it to be right.

In this bicentennial year, what about planting some bougainvillea from Down Under as a straightforward tribute? On both sides, reactions so far have had their backhanded moments, but one of these vivid climbers would not be misinterpreted. The purple form is almost too familiar but named varieties broaden our scope and are not so overpowering.

I particularly like pale pink Apple Blossom and red Mrs Butt but there are double ones, too, including a double orange which is new to me. Bougainvillea is a very easy plant so long as it is kept above frost-point.

In the Mediterranean, oleanders usually crop up where bougainvillea is beaming in red or purple. This year you can buy a double yellow oleander Yellow Queen, an unusual colour-break which caught my eye last year, not least because it flowers generously in this unexpected colour. Like bougainvillea, it is a natural choice for a big tub or plant box wherever you want the effect of rapid rather upright greenery.

I think I have seen too many of its bushes coated in the white dust of roads around the Aegean and would not want it by my front door. I much prefer the violet-flowered tibouchina, one of those exotic climbers from Chile.

By the time you have scented jasmine, plumbago and mandevilla, there might not be very much room for anything else which is upwardly mobile in your glasshouse's limited space. Perhaps that is why tibouchina has not yet caught on, although it flowers from August until October.

This year, the new tibouchina orangensis sounds the answer to the problem. It needs no great wall space, and it will climb easily up a tripod of bamboo canes without waving in all directions. When in flower, it is hardy enough to be moved indoors; the flowers are a lovely shade of deep violet-purple.

In conservatories, of all places, we have the chance to experiment and try new and more exciting forms: in 1988, my particular favourites are on the market in what promises to be a better variety.

International Property

Gerald Cadogan reports on Europa Nostra award winners

Prizes for posterity

IMAGINATIVE uses for some of Europe's out-of-date buildings have been revealed as the annual awards of Europa Nostra this week. From Cork to Crete, the influential organisation has been spreading the gospel of what can be done for old buildings and urban conservation.

The awards, sponsored since 1986 by American Express, highlight the positive. Two medal-winning examples are the Erechtheion, on the Acropolis, and the hall of Trinity College, Dublin. The award for the Erechtheion, the religious centre of classical Athens, is *hors concours*, outside the competition because of the work's scope.

Europa Nostra, founded by Lord Duncan-Sandys, a former Tory Cabinet Minister, in 1963, has close links with the Council of Europe and and the European Parliament. It is adept at explaining to governments how an individual project might be detrimental to Europeans generally.

For example, it has campaigned against the demolition of old Istanbul for the sake of wider roads, and demolition has now stopped. It has opposed placing an alumina factory near Delphi in Greece — it is now to be resited — and is still battling the Gibraltar Government's suspension of public involvement in planning decisions.

In its 25th year, Europa Nostra can be pleased with its progress. The new respect for old bricks, old stone and even old cement is a mark of late-20th century Europe.

Throughout Europe, restoration pushes on. There is energy, imagination and determination to get everything right. The Erechtheion is a tribute to the sophisticated restraint of architect Alekous Papanikolaon and engineer Kostas Zambas. Zambas replaced the building's iron clamps, put there earlier this century, with titanium rods. The iron was rusting, expanding and bursting the building.

The 1765 hall of Trinity College was burned down in 1984, leaving a water-ruined shambles. Now, put together beautifully by Irish architects de Blacam and Meagher, it trumpets the value of excellence in education. Improvements include two new bars, one in the crypt and one a rendering of Adolf Loos' 1907 American Bar in Vienna.

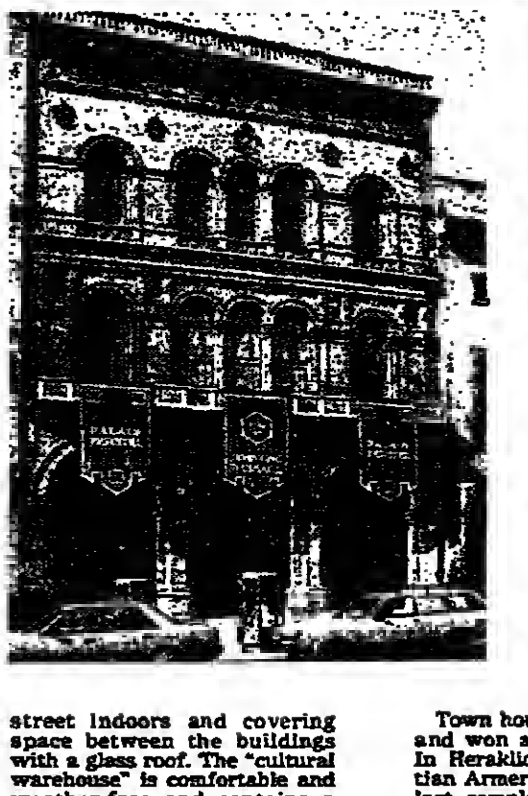
The Europa Nostra awards attracted 201 entries. Most (71) came from Britain followed by Germany (26) and Spain (19). The figures reflect the fact that Europa Nostra's office is in London. Owners, occupiers, architects or designers may apply for the awards but the work must have been done in the past 10 years.

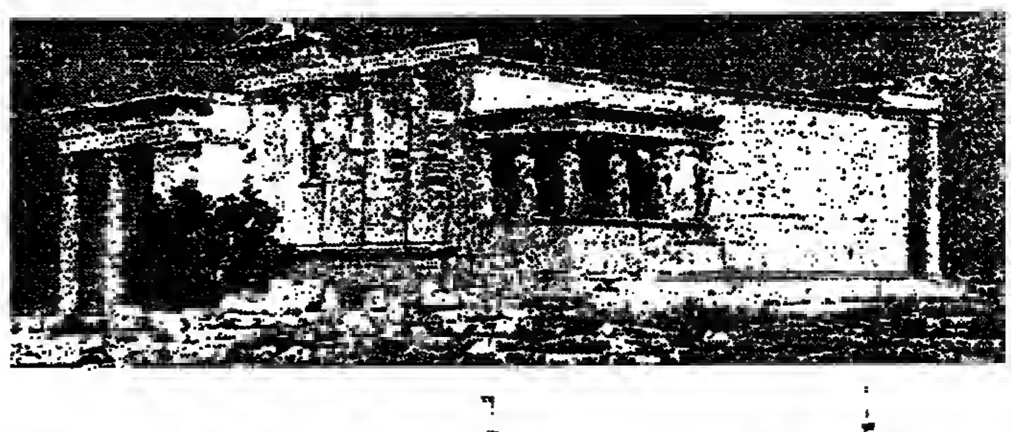
This year, for the first time, entries were broken into five categories of commissioning clients. These were led by local authorities (100) followed by private owners (38), commercial owners (27), amenity societies (24) and national governments (12). There were eight medals and 34 diplomas of merit.

The Erichtheion apart, buildings ranged from medieval to 1926, the date of an Art Deco grain silo that has become the museum of modern art of Antwerp. Generally, museums seemed fewer this year — a most welcome sign — while more late 19th and early 20th century buildings are being restored. How satisfying to rescue their rich paint and plaster as in the medal-winning 1856-60 Palais Ferstel in Vienna.

Late buildings to win diplomas include the 1865 Gothic Goerreshus in Koblenz, West Germany, now a rehearsal hall; a lunatic asylum in Vodstena, Sweden, now flats, offices and a library; the Cambridge Corn Exchange and Manchester Central Station in England, now auditoria; and the colossal Royal Victoria Patriotic Building, London SW18, built in 1857 as an asylum for orphans of Crimean veterans. The building became derelict, fit only for a bird sanctuary, and was sold for £1 provided it was restored. The result, with flats, offices and workshops, is a huge success.

The problem at Sundsvall, Sweden, was what to do with the 1890s' port warehouses. This was solved by turning the street indoors and covering space between the buildings with a glass roof. The "cultural warehouse" is comfortable and weather-free and contains a museum of old Sundsvall. It won a medal.





Testaments to the gospel of preservation and revitalisation: the Erechtheion on the Acropolis (above); the Palais Ferstel in Vienna (left); and the author's candidate for a fun award - Bangor pier in Wales (right)

Spaniards, Belgians and Dutch won diplomas for converting monasteries. Leading church restorers are the Spaniards, the Swiss and the Danes. Their Defence Construction Service resuscitated the 1704 garrison church in the Citadel of Copenhagen as well as the adjacent former prison, which they say is an integral part of the church's setting.

Town houses have been fixed and won awards everywhere. In Heraklion, Crete, the Venetian Armeria and Loggia are at last complete, as is the town hall, in an epic restoration that began in 1915.

Townscapes took three medals: one for Rauma in Finland, with timber buildings, and two for Scotland, a triumph. Years of work by the preservation committee for the neo-classical New Town of Edinburgh, still 75 per cent residential, are rewarded.

The Lanark Conservation Trust gets its medal for bringing back a major part of the industrial and social history of Britain in the mills, houses, Co-operative store, and New Institution for the Formation of Character of Robert Owen's model industrial village on the Clyde.

The largest water-powered cotton mill in the world was founded there in 1785, employing 2,500 people. It was among the first to use Arkwright's water frame. When the mill closed in 1968, the place faced oblivion. Now it is alive again, with 150 inhabitants and a target of 300 by 1995, when all the houses will be finished.

Scotland stands out once more with the restoration of the stables of Armadale Castle on Skye to provide the Clan Donald Centre. Denmark has a gem in the small neo-classical house Soholm, by C.F. Hansen (1806-09), which looks the prototype of the neo-classical houses of Athens.

As a candidate for an FT fun prize, I return to Scotland and Chatelherault, the hunting lodge ordered by the fifth Duke of Hamilton from William Adam. It began in 1732 as kennels and ended up in 1745 with banqueting hall and ducal rooms. It looks gorgeous; pink plaster galore.

Objet d'art fantasies for the rich

Janet Marsh looks at the serious business of collecting automata

COLLECTING FRENCH automata of the classic period is a serious and quite costly business. At £90, Christian Bailly's new book Automata. The Golden Age 1848-1914 (Sothebys Publications) — the first comprehensive survey in English — reflects the upmarket kind of collecting that automata, mechanical objects, represent today. The book is value for money all the same. 150 fine colour photographs together with facsimiles of original manufacturers' catalogues offer a vivid record of a collection such as money could hardly buy. Into the bargain, the book's gold-embossed crimson cover convincingly reproduces the style of French bindings of the late 19th century.

Mr Bailly traces the social progress of automata. In the ancient world they were used to awe and mystify devout worshippers in the temple. In medieval times automata clocks enlivened the squares and streets of prosperous European cities; and automata were always popular toys and presents for kings and princes of Europe and Asia.

In late 19th century France however they enjoyed a major renaissance. This golden age lasted exactly from the Second Republic to the outbreak of the First World War. It was a period that saw France catching up in industry and commerce; while the art, literature, music and royals of the Second Empire all contributed to the reputation of Paris as the centre of fashion, chic and joie de vivre. The period also saw the rise of a new-rich bourgeoisie and a mass market for the kind of fancy goods that were styled *Articles de Paris*.

The ateliers of the automata makers sprang up around the middle of the middle of the century, in the narrow streets of the Marais in the 3rd Arondissement, traditionally of a small mechanics' workshops. Often they were men who had been apprenticed to toymakers or clockmakers, but they hed to combine the skills of both with those of sculptor, metalworker, woodcarver and engineer. It was apparently imperative also to have a wife who could take over the wardrobe department; a special charm of these classic French automata is the impeccable cut and style of their costumes.

Their factories were small enterprises; few of them ever employed as many as 20 people. In 1851 12 masters making automata and mechanical toys were recorded in Paris. Between them they employed 123 workers. The total annual value of their product represented a mere £13,000, so it seems that no huge fortunes were made. According to their skills the artisans could earn from 15 shillings to 27 shillings a week, and the women about 8 shillings.

Out of such modest enterprises was born a fantasy world that still astonishes and delights with its colour, ingenuity, gaiety and humour. Solemn little couples waltz stiffly to the strains of musical boxes concealed in the ladies' crinoline skirts; nurses push perambulators; donkeys pull carts; schoolmasters disciplins their pupils; frilled and curled little girls pat their piano keyboards or teach dolls to dance.

Entertainer automata were special favourites — acrobatic clowns, tightrope walkers, minstrel shows and magicians who produce surprising objects from under cups. Pierrots were especial favourites, serenading the moon with their mandolins. Sometimes well-dress bears or monkeys take the place of the human performers: an ape chef proudly removes the cover from a dish to reveal a white cat's head rolling its eyes.

One or two real-life stars were immortalised as automata: Buffalo Bill, smoking a cigar, Loie Fuller performing her sensational skirt dance, the English star Little Tich balancing on his famous Big Boots, and the clowns of another English act, the Hanlon-Lees.

What's new pussycat? This automaton, moving on small wheels on each paw, is expected to fetch between £200 and £400 at auction

Mr Bailly has reconstructed the history of seven of the best known firms, detailing their individual specialities — though they rarely patented their inventions and plagiarism was unrestrained. The most original, elaborate and costly automata came mostly from the firms of Alexandre Theroude and Gustave Vichy. Bontems specialised in singing birds, either in cages or in small flocks fluttering and chirruping in leafy bowers. It may have been a Bontems bird which inspired Hans Andersen's "The Emperor's Nightingale." Roullet and Decamps specialised in copmical fluffy animals.

The automata of the golden age were decidedly not toys for children; but prized *objets d'art* to be shown off under glass domes in the drawing-room. The most elaborate of them cost as much as a year's wages for a working man. Multiple production methods brought down the price; and later makers worked for a larger market. Alongside elaborate specially commissioned models, Leopold Lambert made automata in series, often buying in porcelain heads from the famous dollmakers Jumeau. Renout also used multiple production methods and a smaller and cheaper size with such success thet at its peak the firm was selling 15,000 Pierrots a year.

By the end of the century the trade had fallen off. This kind of frivolous showpiece did not fit so easily into the sophisticated elegance of art nouveau decors as in the opulent styles of the Second Empire. The luxury market was diminished. The patterns and mechanisms of the automata had been adapted for cheap toys for children.

For while the makers found a profitable outlet in the newly established department stores, which ordered largescale, electrically operated automata for window displays. Some of the old-established firms survived to the second world war; and one or two have lasted to the present day. But by 1914 the golden age was over.

Today automata command high prices among collectors. Recently Christie's South Kensington sold a smoking Turk by Lambert for £3,080, even though the base had been replaced and it had lost its musical movement. Another very characteristic Lambert automaton of a pretty little girl manipulating a fan and a lorgnette, with her original clothes still in excellent condition, realised £4,900.

Christies'e have several automata in a sals on February 4. Modestly estimated at between £300 and £1,500 each, are a group of funny animals by Roullet and Decamps including a hopping rabbit and a bibulous polar bear who dranks from a glass.

Saleroom

Small, but oh, so select

Wearing dark glasses, Antony Thorncroft moves among the mega rich at a prestige London event

THE SILVER and Jewellery Fair, which occupies a small but so select corner of the Dorchester Hotel, London, until Monday, is a dark glasses occasion. You need them for some protection from the gleaming silver, the sparkling jewels, the overwhelming glow of dazzle. And you need them to disguise your identity at an event which attracts the mega rich and the tabloid famous like wasps to a jam pot.

The organisers, Brian and Anna Haughton, who also have the Ceramics Fair to their credit, try to play down the glamorous image. There are plenty of items for sale for under £1,000; there is even the odd bangle, or silver spoon, for less than £100; so they say. And they are doubtless correct. But what blinds the eye are the flamboyant silver gilt tureens and the twinkly diamond necklaces.There is nothing discreet about this fair.

In its four years it has established itself as central to the marketing lives of most of the leading British silver and jewellery dealers. The 38 etands rarely change hands. The experiences of ADC Heritage explain why. Last year they sold £500,000 worth of silver in four days: their annual turnover is just £3.5m. The Heritage stand represents the solid British collecting tradition in antique silver which remains unaffected by the flagging American buying of recent months, and the recent aloofness of the Arabs.

When Sotheby's sold off the British Rail Pension Fund silver in November ADC bought six pieces. It has only one left, a George II coffee pot available at £39,500, as against the £30,000 which the dealer paid for it at Sotheby's. The most expensive piece on the stand is a basket by George Wickes, mede in 1729 but in pristine condition and priced at £90,000. The oddest is a pair of English caviar urns, made by William Frisbee in 1810 and exceptionally rare: hence the tag of £40,000.

These prices seem positively modest when set against the Louis XVI silver gilt ewer and basin made by Cheret which the monarch gave to a favourite in 1776: they are priced at £450,000 on Koopmans stand but their flashiness would halt rather than start a conversation.

Yet the silver is in the bargain basement compared to some of the jewels. The Court Jeweller, Garrards, stole the headlines on the opening day by producing a diamond and emerald bracelet that King Edward VIII had given to Mrs Simpson as a Christmas present in 1935. It had bought it for just under £200,000 in April at the Sotheby's dispersal of the Duchess of Windsor jewels. It will accept offers in excess of £1m. Garrards can afford to be so grand because it does not really want to sell the bracelet. It has gone into its royal collection and is certain to appreciate. Its sparkle brings cheque books to the stand.

There are plenty of royal associations for sale there. A lock of Queen Victoria's young brown hair, in an ornate ormolu oval box, will cost less than £10,000; a diamond tiara made around 1850 by Garrards for an unknown royal, will be £100,000. Tiaras are all the rage apparantly, thanks to the airings given them by the Princess of Wales and the Duchess of York.

Anyone who missed out in the scramble for a Windsor memento but who is well short of £1m should try the stand of Silver. It has a chunky gold bracelet, made around 1950, which sold in Geneva for £24,000 and is not outrageously priced at £32,000. For those familiar with saleroom catalogues it is a lesson in business practice to observe the mark ups on stock bought by dealers at auction just a few months previously. But the dealers do offer a guarantee, an after sales service, and often a buy- back assurance.

Between the silver and the jewels nestles the art nouveau and the art deco creations, offering style and uniqueness, with wearability. John Jesse and Irina Laski have a fine selection including, for £15,000 a dragonfly brooch by Ashbee, the sought after name among art nouvean craftsmen.

What makes the Silver and Jewellery Fair an important event is not the ostentatious displays in the lavishly decorated rooms, but the lectures held alongside. These are the delight of serious collectors, and this year's programme includes Sotheby's silver expert John Culme talking about bankrupt 18th century English silversmiths; Gertrude Seidmann on Jewish marriage rings; Dan Klein of Christie's on silver between the wars; and Philippa Glanville of the V & A on Tudor silver and Regency copies.

Throw in the loan of silver commissioned by that famous 19th century eccentric William Beckford; add a hard-backed catalogue, which includes an engrossing essay on Queen Victoria and the Hanoverian claim to the Crown Jewels by Shirley Bury of the V & A, and you have an action-packed weekend. The organisers want you to visit the fair to pick up a Valentine's Day trinket; most people will just gawp at so much pomp, so much glitter, and so overlook an awful lot of exquisite craftsmanship.

Silver-gilt teapot by Peter Rodic, London 1802

CHESS

JAN TIMMAN, 36, of Holland, is established clearly as the world's leading player next to Kasparov and Karpov in the newly-issued FIDE international rankings. Kasparov has 2,750 rating points (the best ever apart from Bobby Fischer's peak) and Karpov 2,715; but Timman on 2,675 has achieved a personal high and is well ahead of the next grandmasters, Belyavsky (2,645) and Korchnoi (2,640).

Britain's olympic silver medal team are close to the top: Nigel Short is sixth on 2,630, Speelman ninth on 2,625, Nunn 14th on 2,615 and Chandler 25th on 2,590.

Timman's strong advance reflects his consistent performances throughout 1987 and makes him one of the favourites in the present series of candidate matches in Canada. The Dutchman, more than any of his Western rivals, enjoys fervent support from his home public and media, who still remember the glory days of the mid-1930s when Euwe defeated Alekhine for the championship.

Every year, the Dutch KRO television and radio company at Hilversum sponsors a six-game match between Timman and a leading rival grandmaster. So far he has beaten Portisch, drawn with Spassky, Korchnoi and Yusupov, and lost only to Kasparov.

The 1987 KRO challenge series, staged last month, matched Timman against Ljubomir Ljubojevic, the brilliant but erratic Yugoslav whose manic-depressive style can bring him to the top of any tournament (notably at Brussels, where he tied with Kasparov) but also collects a fair share of disasters.

Timman was a strong favourite for the contest and so it proved. He won three games and drew three as Lubo took too many risks with the black pieces: in every game with Black he played Q(Q1)-N3 and twice captured the white QNP, that notoriously risky poisoned pawn made famous in the Spassky-Fischer match.

Timman's controlled aggression in this week's game was an object lesson in how to counter an opponent who tries forthe initiative by unsound, decentralising manoeuvres. Rather than search for any direct refutation, White simply completes his development and masses his pieces against Black's uncastled king.

The offside queen becomes a spectator while White advances his QP, then invades the black position for a decisive attack.

WHITE: J.H. Timman (Netherlands). BLACK: L. Ljubojevic (Yugoslavia).

Queen'e Gambit, Slav Defence (KRO match 1987).

1 P-Q4, P-Q4; 2 P-QB4, P-QB3; 3 N-KB3, N-B3; 4 N-B3, PxP; 5 P-K3, B-K3.

Normal play is 5...P-QN4; 6 P-QR4, P-N5 when White regains the gambit pawn but Black can easily develop his pieces. Theory has long considered 5 P-K3 to be harmless, but Black tries to pre-empt any home-brewed novelty.

6 N-KN5, B-Q4; 7 P-K4, P-KR3; 8 PxB, PxN; 9 PxP, NxP; 10 P-Q5, N-K4; 11 BxN, Q-N3.

Black'a opening has already failed; the queen excursion is dubloue, but White planned centralising 12 Q-Q4.

12 B-K3!

Much better than the defensive 12 Q-Q2. White will soon regain the sacrificed pawn while Black cannot develop his K-side normally.

12...QxP; 13 B-Q4, N-Q6 ch; 14 BxN, PxB; 1-5 0-0, Q-N5; 16 QxP, P-R3; 17 KR-K1, R-B1; 18 BxN, PxB; 19 N-K4, K-Q1; 20 P-Q6!

By simple means, Timman has established a winning position. Now if 20...PxP; 21 NxBP, B-K2; 22 RxB,KxR; 23 N-Q5 ch wins the queen, so the white pawn can bisect the defences.

20...PK3; 21 QR-N1, Q-R4; 22 Q-Q4, B-N2; 23 KR-Q1, R-R4; 24 Q-R7, R-QN4; 25 P-Q7, Resigns. For if R-B2; 26 Q-N8 ch.

PROBLEM NO. 708

BLACK (5 MEN)

WHITE (5 MEN)

White to move; how can he win? In this endgame by Richard Reti (1922), White has a rook for a pawn but looks in dire atraits. Black's Q7 pawn is poised to promote, so that even a draw for White looks remote. The answer is only a few moves deep but has some surprise turns.

Solution Page XVII

Leonard Barden

Jonathan Sale finds out about a dead man's fan club

On the march

THE BIG newa on the Royal front is not confined to the Duchess of York's baby. Tomorrow morning, to honour the violent death of another member of another Royal house, men in uniform will march through the streets of London to within a musket-shot of the Houses of Parliament. Halting in Whitehall, they will carry out a short ceremony to "King Charles." They refer not to the next monarch of the House of Windsor but to the first Stuart sovereign.

Charles I was beheaded in public in 1649 and tomorrow'e ceremony is being put on by the English Civil Wer Society, which says: "We've alwaya done the march, for 15 years." As is only to be expected from a civil war re-enactment society, the organisation ie split into two; it is the Cavalier Tendency, known as the King's Army, which parades in the royalist cause. Its anti-royalist counterpart, the Roundhead Association, marchea to the beat of a different drum elsewhere.

Four times a year, the two wings of the society meet to unleash the dogs of war in a major battle. Honouring Charles is not a full-time occupation.

For others, though, Charlie is indeed their darling. Dr David Vessey of the Royal Stuart Society says: "We have no connection with the costumed organisation. We are basically a society concerned with a serious study of history." It is not a "joining" society; you have to be proposed and seconded. Among those proposed, seconded and accepted are the Dukes of St Albans end of Grafton; since they are descended from Charles II, via Nell Gwyn and another of the Royal mistresses respectively, the Stuart Society could hardly keep them out.

"One is entitled," Vessey adds, "to have en opinion about whether the Glorious Revolution of 1688 was glorious or not." Not, probably. (The Glorious Revolution saw the removal of James II, second soo of Charles I, in favour of William of Orange). I gathered this is one anniversary the society will not be celebrating. It will, instead, be holding its 62nd annual ceremony today in Whitehall on the 339th anniversary of Charles I's death and will also lay a commemorative wreath in the Garter Chapel, Windsor.

Do the latter-day Stuarts feel the House of Windsor ahould now be on the throne, or is the Queen herself something of an interloper?

"The official policy," says Vessey, Reader in Latin at Kings College, London, "is that we are loyal to the existing monarchy." There is no question of secret toasts to the "King over the Water" as there were in the days of Boonie Prince Charlie (who, incidentally, died 300 years ago this weekend). For a start, there is no king, over the water or anywhere else, since the direct line ended in 1807. There was a time when some Jacobitea awore that Albert of Bavaria should by rights have been the sitting tenant in Buckingham Palace, but not since he became the late Albert of Bavaria.

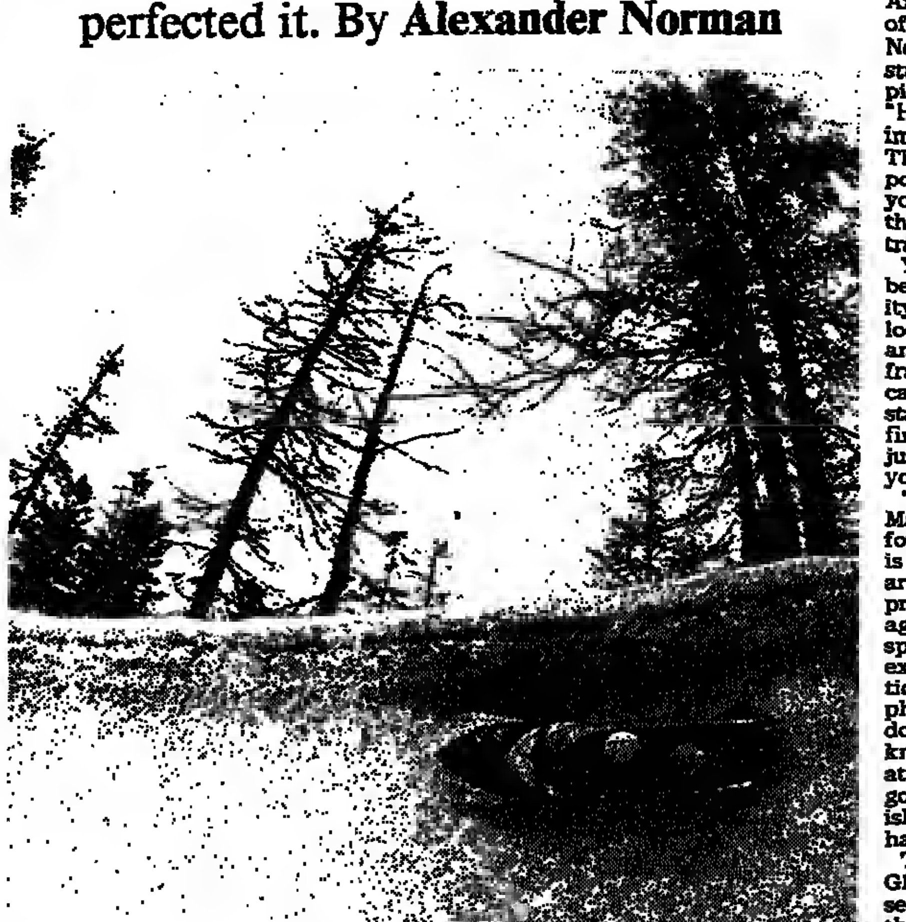
Whitehall will this morning be fully congested with folk of the Caroline persuasion, since two other loyal groups are joining together to pay their respects outside the Banqueting Hall: the Society of King Charles the Martyr and the Royal Martyr Church Union. Afterwards, they hold a Sung Eucharist inside the hall itself, courtesy of the Department of the Environment which now reigns over those parts.

What is it that draws members to an organisation which is, in effect, a dead man's fan club? The Rev Barrie Williams, teacher and chaplain, explains: "Charles I died for the particular beliefs of the Church of England. If he had been prepared to give up the Prayer Book, he might have lived."

Williams speaks for the more venerable of the two organisations, the Society of King Charles the Martyr, which was founded in 1894 by the Hon Mrs Greville-Nugent. Her other claim to fame is that she wrote *O Holy King, whose severed head*. That is a hymn not sung much these days, but give it time. Unlike Charles, Albert and the Stuart dynasty, it could come back.

DESPATCHES · St.Moritz ·

Consumptives started it and the army perfected it. By Alexander Norman



Bobbing about in the snow

A FRIEND once said that going down a bobsleigh track was like a car journey that involves a dozen successive crashes. The analogy is perfect. Having been down the bob run in St Moritz three times as a guest of the British national squad, I can confirm that this is no exaggeration.

The sport of bobsleigh riding, or bobbing as it is more familiarly known, is a curious one. It owes its origins, improbably, to invalid tuberculosis and asthma sufferers who discovered the curative effects of alpine air a century ago. The story goes that an enterprising St Moritz hotelier staked a fortnight's free accommodation for a group of Englishmen if, when they came in January, the weather was not bright sunshine. The travellers, who had been used to spending the summer in Switzerland, took up the wager and arrived to find him shirtlseeved and smiling on a perfect winter's day. Thus was born the tradition of winter holidays in the Alps, and in consequence winter sports as we know them.

But if bobbing began as a gentle and decorous pursuit for rich consumptives, it has since developed into a vicious and highly competitive sport. Even at the lowest levels participants need to be fit and fearless: it is not for the faint-hearted.

The track at St Moritz is the oldest in the world. It is also one of the longest at 1,585 metres. Over that distance, the course drops a shade over 400ft, by which time an average four-man bob is travelling at around 140kph – just under 90mph. En route, there are 15 bends, each with a name either redolent of tradition or visually descriptive. "Nash" and "Dixon" are named after Britain's 1964 Olympic gold medallists; "Sachs" commemorates one of the sport's greatest patrons, Gunther Sachs (sometime husband of Brigitte Bardot). There are "Snake" and "Horseshoe," the latter a violent left-hander which flings the bob momentarily upside down. At around 60mph this manoeuvre imposes the sort of G forces that a jet fighter undergoes when performing aerobatics. "Devil's Dyke" is similarly vicious. The penultimate bank, "Leap," is just that, for after it the track plunges like a graph of the stock market on black Monday.

Before exchanging the natural world for this brief glimpse of a universe where gravity and kinetic energy are the supreme arbiters of destiny, you need to be properly equipped. The most important item is a close-fitting full-face crash helmet, with a pair of goggles as essential insurance against smarting eyes. On your feet you wear "start shoes." These are similar to sprinting shoes in that they are provided with fine stainless steel spikes to grip the ice as the bob is pushed off. A pair of ordinary leather skiing gloves give as much protection as is possible for the hands. What is worn in between this ensemble depends on whether you are novice or expert. For the former, plus fours topped by several thick jumpers are appropriate. For the latter, a tight, wind-cheating "body stocking" or "zoot suit" is mandatory. (In a sport where medals are won and lost on margins of hundredths of a second, aerodynamics are deferred to as a minor god). In addition, as a neophyte, the urge to protect your body dictates that you secrete as much padding about your person as possible. But no matter how much like a Michelin man you make yourself, still you feel curiously naked as you stand awaiting the bell in the start box.

The initial seconds pass innocuously enough. But the first bend, "Wall," a relatively long left hander, is an awful portent of things to come. It seems to reach out and grab the bob which tips violently before slamming back down on to the straight. It's a bit like the game of pinball where the bob is the ballbearing. Each bend represents the spring-loaded plunger accelerating youn down the next straight. But this impression does not become apparent until later.

After that first omen, your sole aim in life is to wedge yourself ever more tightly into the seat. You push with every ounce of strength in your legs to brace your backside against a steel support. With your hands on the grab rail, you pull down with all your might. At the same time you hunch your shoulders forward to try to prevent your head sledge-hammering against the side of the vehicle: there is no suspension, nothing to cushion every rut and jolt on the ice.

Suddenly the world is transformed into a violent physical kaleidoscope. After the second bend you lose all sense of relationship with any natural order. No matter how many times you have studied the course, it is impossible to picture yonr position on it. Only at "Horseshoe" does external reality impinge on your shaken consciousness. The sensation of being inverted is just powerful enough to break in and tell you where yon are – and remind you that there is still the second half of the track to cover.

You see virtually nothing. At every bend your head is forced down by gravity and on the straights you'd rather not look anyway. The word "relief" takes on an entirely new meaning when after a fraction under 70 seconds the driver calls out "BREAK, BREAK" and the bob starts to decelerate going uphill. At the finish, you climb out feeling as if you've just gone 10 rounds with Tyson. Then you go and do it again.

"It's not exciting at all," according to Mark Tout, driver of GB-1, Britain's top four-man crew. "It's just a job. Your aim is to get the fastest time possible. Exhilaration doesn't come into it." If that proposition sounds unlikely when set against a novice's impression of the sport, it does perhaps explain the extraordinary detachment and dedication necessary to participate in such a physical and perilous pursuit. "Yon don't consider the danger element. You know it's there and that's an added attraction. But the moment that bell goes, any fear you might have just vanishes. You just get on with the task in hand."

Tout, like the other three members of GB-1 is a soldier by profession. This seems entirely appropriate, considering the ideals of the military and the exigencies of the sport. "Obviously we are looking for similar qualities," says Major Tony Wallington, team manager and lynch pin of army partiucipation in bobbing. "A team member, like a soldier, needs to be courageous but not to the point of foolhardiness. He needs to be clear-headed under extreme physical and mental pressure. He must be extremely fit too. So the army represents a huge pool of suitable manpower." But if this sounds like an abuse of service resources, there is no need to write letters of complaint to the Ministry of Defence. GB-1 is funded almost entirely by Save and Prosper, the investment house. It, rather than the army, provides all the equipment and back-up infrastructure.

Winning poll position in the British Olympic line-up has been something of a personal success story for Tony Wallington (who at barely 5ft 6in is inevitably known as Major Minor). He competed in the 1980 Winter Olympics at Lake Placid where his crew came ninth overall. He was also a member of the bronze-winning crew at the first World Cup championships the same year. He then retired from competitive riding to dedicate himself to promoting the sport within the army: not only is Mark Tout's crew spearheading Britain's Olympic effort at Calgary next month; it is also acknowledged to stand the best chance of winning a medal since Nash and Dixon's victory in 1964.

Rebel with a cause

OBITUARY: Edmund Penning-Rowsell on the life of Baron Philippe de Rothschild

WHEN BARON Philippe de Rothschild, who died last week, *took over the running* of Mouton Rothschild in 1922 he was only 20. He found himself in a conventional and conservative world whereas he, a Bugatti racing driver, a distinguished yachtsman and man of the theatre, was certainly not.

Yet, with a combination of charm and determination, he persuaded the *first-growth* chateaux in the 1855 classification, for the first time, to bottle all the wines sold under their label themselves. He also persuaded them to form an association of which he, only a second-growth proprietor, was the most active member until it died in the slump years of the thirties.

His most sensational public move was to commission a poster artist, Jean Carlu, to design for his 1924 vintage a Cubist-influenced label incorporating, in colour, the Rothschild arms and a ram's head. The shock and disapproval *that this* met with in Bordeaux can be imagined. Other label designs followed, and for the 1934 vintage onwards the number of bottles, magnums, *etc.*, produced in the vintage were listed.

On his return from England after the Second World War he started a series of labels decorated each year by a different artist including Cocteau, Marie Laurencin, Braque, Henry Moore and Andy Warhol, for which they were remunerated in wine. This was only one aspect of Baron Philippe's flair for publicity, for long regarded by his fellow Medoc proprietors as somewhat undignified, if later widely followed.

Visitors were welcomed, the huge cellar of young wine in new oak casks was illuminated; and in 1962 the astonishing collection of objet d'arts, associated with wine throughout the world and the centuries, was opened to the public. The collection had been *assiduously assembled* by the baron and his American wife, Pauline, since their marriage in 1954. It would be wrong, however, to imply that desire for publicity was the main inspiration for this eclectic collection of works of art, brilliantly displayed and lit in a former cellar. For the private chateau apartments *on the first floor of what had* previously been a farm stable all witnessed to his sophisticated eye for very diverse pieces and their skilful placing.

However, Baron Philippe's great aim in life was to rectify the "wrong" of Mouton being ranked as a second-growth in 1855; and in the post-War era this occupied much of his formidable attention. Highly familiar with the corridors of power in Paris, he was behind several governmental proposals to amend the classification, but these met with little support and a good deal of opposition from other chateau proprietors.

However, in 1972 a class-by-class reclassification was proposed *but* significantly has never got beyond the premier crus, to which Mouton Rothschild was duly promoted with general acclaim in June 1973. Since Mouton already sold at the same prices as the other first-growths this was a matter of prestige rather than additional profit but Baron Philippe was, beneath a cultured, courteous exterior, no mean man of business.

It was he who *sold* the whole of his poor 1927 vintage as Carruades de Mouton. He, a younger son *himself*, later conceived the name Mouton Cadet, first employed for the very poor 1931 vintage but later evolved as a carefully selected generic vintage Bordeaux that has become the world's best selling brand of claret. He also acquired in 1933 the adjoining property of Mouton-D'Armailhacq, now renamed Mouton Baronne Philippe in memory of his wife who died in 1976 and Clerc-Milon in 1971.

Although concerned with every detail of life at Mouton, much of which he directed from his four-poster bed, strewn with papers and adorned by his retriever, he never set himself up in any way as a wine expert and refused to pronounce on recent vintages. His other great interest was literature and his hobby the difficult translation into French of Elizabethan and other classical English poetry.

If in his earlier years the Baron was regarded in Bordeaux with a certain scepticism mixed with curiosity, it has long been accepted there that in promoting Mouton he also publicised Bordeaux throughout the fine wine-drinking world.

The kitchen's cutting edge

NOW THAT poets and novelists have abandoned the pen, no craftsman's tool is so prized as the cook's knife. Brides who have never cut the leg off a chicken can expect to be given large graduated rows of French cook's knives with brass-riveted black handles (Sabatier they are probably called, although more of that anon).

Knife-racks proliferate, and great blocks of beautifully grained elm and beech cradle these splendid instruments. But what do you actually use? There is, of course, a proper knife for every job and it is one of the tributes all amateur cooks pay to professionals to acknowledge that although nothing worthwhile about food and cooking may have been learnt at that provincial polytechnic, they did at any rate learn which tool to use and will still automatically reach for the right one from a well-stocked rack for each little kitchen task. But how many racks of kitchen knives enjoy that useful role? How many housewives pass by the gleaming block to fish out of the kitchen drawer a cheap little knife with a plastic handle which will do nicely for most jobs and is therefore the only one which is regularly sharpened?

In the French restaurant kitchen where I learned everything I know, every cook had his own little hinged metal tool-box which, like an executive's briefcase, he hugged home at night. When the chef barked "Deux filets de loup au fenouil," and the appropriate man responded with the ritual "Oui, chef," he would poke about furtively in his battered tin tool-box and out would come a little knife with a yellow plastic handle – the only tool that could be trusted to pare and shape the precise piece.

There was no shortage of beautiful big cook's knives, all in mint condition and sharp as razors. For chopping parsley or reducing a kilo of carrots and turnips to a pile of uniform fragments a big straight trim cook's knife was of course the thing. These were routine tasks which could be and increasingly are entrusted to machinery.

But there are other jobs where a little blade, perhaps rigid, perhaps pliant, has to become an extension of the fingers. Sometimes a narrow blade is best, sometimes a wide one; sometimes a sharp point is called for, sometimes not at all. Your rack of graduated Sabatiers is unlikely to meet all varied requirements: particularly flexibility.

"Sabatier," by the way, is like "Aspirin," an ex-brand name, to which exclusive right has been lost some while ago. I have never seen a rubbishy Sabatier knife, but they don't all come from the same factory nowadays. All knife-nsers should give a big cheer for the second half of the twentieth century which has, among other good things, brought us really sharpenable stainless steel. There was a time when in order to have really bone-sharp knives you had to go for carbon steel which went black just sitting in the kitchen and orange with rust at a hint of moisture. You had to clean them (still do) with a damp cork dipped in Vim. Apart from anything else they smelt. Don't tell me rust doesn't smell: rusty knives do, they smell awful. But somewhere along the way, someone has found a way to make stainless blades – always shiny,

Food for Thought

never smelly – which take a really sharp edge and hold it.

Aha, sharpness. How often am I commanded: Peter, you're so good at this, do you think yon could carve the duck/shoulder of lamb/hare or whatever difficult problem there is to face. With these instructions from the hostess, there invariably comes a knife which has never been sharpened and which was last used to open a packing case. Any fool can carve with a really sharp knife, no-one can do it with one of these bland blunt apologies.

There can be no exception to the rule that you must sharpen a knife every time you use it. If like me you are unlikely to have time or the inclination to do so afterwards, you ought to do it first, like your butcher does. Just a few passes at the steel will do as long as your steel is sharp and rough to the touch. Old steels get all smooth and poker-like and don't give that singing edge: when in doubt get a new one. Oiled stones are fine for the real aficionado of knife-maintenance. Some favour the front doorstep (to let the neighbours know you've got a joint, as they used to say in Lancashire).

It's a funny thing but the test of a really sharp knife is to slice a tomato with the skin on. Many an otherwise faultless knife will bounce off an obliquely-offered tomato skin.

Peter Fort

Edmund Penning-Rowsell looks at the champagne industry

More emphasis on quality

CHAMPAGNE HAD a very good year in 1987. The record sales of 205 million bottles in 1986 were surpassed by up to a further 10 million, and the vintage produced the equivalent of 264 million – nearly 20 per cent more than was sold. This does not imply, however, that a state of complacency has swept the Marne for there are always problems to be faced there both within and without. The main internal one is the necessity to maintain the high quality that keeps champagne ahead of the competition from the growing sparkling wine production throughout the wine world.

Evidence of the concern for quality comes from a report, entitled Charte de Qualite, prepared by a committee of the trade body, the Comite Interprofessionel, and representative of all sides of the industry. It has issued recommendations on such matters as: analysis of the soil before planting or replanting; the selection of clones most suitable for quality rather than quantity; strict control of pruning; new regulations for the nearly 2,000 presshouses in the region; and provision within two or three years of improved presses.

That it has been thought necessary to propose such recommendations and regulations indicates that a proportion of the merchants and growers "could do better." There have been criticisms both inside the industry and in the press, including the British press, about "cheap champagnes" that have tended to call in question its reputation, as well as severely undercutting the products of those firms whose concern for quality as commercially essential for their survival obviously makes their wines more costly. Particularly affected are the smaller houses that lack the promotional resources employed by the big groups that dominate the trade.

There are, it must be said, no illegal practices employed in producing champagne that can be sold at several pounds a bottle less than the wines of the grandes marques and other merchants of long-standing and repute. These low-priced champagnes are usually sold as B.O.Bs (Buyers' Own Brands), mostly in the supermarkets, but these B.O.B. champagnes have long been associated with the British market, and most traditional merchants usually have one to head their champagne list. Today they are competing not only with more grandly labelled and extensively promoted champagnes but also with other sparkling wines.

There are no short cuts in the actual production of champage, save for the mechanical shifting of the sediment from the bottle *(remuage)*, but there are two main means of securing a cheaper bottle on the market: less expensive grapes and a shorter time in the bottle after the second fermentation that provides the sparkle.

The whole of the Champagne region is price-indexed village by village, according to the quality of the grapes they produce, from 100 per cent on the Montagne de Reims and the Cote des Blancs, down to 80 per cent lower down the Marne valley and on the Aube to the south. In negotiations just before each vintage between growers and merchants the price is fixed by the Comite Interprofessionel. Last year the 100 per cent price,including a bonus for Pinot Noir and Chardonnay, was FFr 21.77 a kilo, and it takes about 1.3 kilos to produce a bottle of champagne: FFr 28.3 (£2.80). Only a minority of champagnes – the de luxe brands – are made from 100 per cent-priced grapes, but the average non-vintage brands of the leading houses will be in the low 90s, and higher for vintage wines. In the 80 per cent communes the basic price last year equalled about £2.25 for the eqivalent of a bottle, but a further saving could be made by using a proportion of what is known as the taille.

The grapes are pressed three times. The first pressing is called the cuvee, and this accounts for about four-fifths of the juice produced. The premier taille (the second pressing) takes about two-thirds of the remainder, and the deuxieme taille (the third pressing) the rest. The leading houses either use only the cuvee or a small proportion of the taille, and they sell off the rest at a reduced. The B.O.B. producers can save money by putting a much larger proportion of the taille into their blends. This has a short-term advantage of having less acidity, and so adding a certain not-unattractive sweetness to the champagne. But the blander champagne does not last very long. The other saving is in the bottle-aging after the yeasts are put into the bottle.

Legally a champagne may be sold as such after one year in bottle, but it is generally accepted in Champagne that a good NV champagne needs three years before being sold, and a vintage one must have this minimum – and should have more. This "three-year rule" has not been handed down from heaven or even from Dom Perignon, but because it takes this time for the "fizz" to settle down and mature. On my last visit to Rheims I asked a champagne house if I might taste a young, immature champagne, and an 18-month-old bottle was brought up from the cellar and opened. It stank of yeast and tasted very green. Of course it had not had the dosage of slightly sweetened white wine added after the sediment has been expelled, but it was nothing like as mature or drinkable as the firm's normal NV blend.

For those houses that keep their champagne for the customary three years the burden of interest is considerable, for it costs about FFr 5 to Ffr7 a year per bottle, and quite a small firm may have a million bottles in stock. So a champagne sold only a year in bottle will have cost over £1 less than those kept for three years. Normally the still-wine blend is bottled in the spring following the vintage, but until a regulation came into force three years ago, making it illegal to bottle before January, some growers and merchants were bottling the new wine before Christmas in in order to market it before the following Christmas. Consideration is now being given to postponing the first legal bottling date to April.

Most B.O.B champagnes will certainly have had more than a single year's bottle-age, but they are likely to have had less than the customary three. Perhaps this is one reason why at a recent Which? Wine Guide tasting of supermarket champagnes the results were not very laudatory. After all, their ex-cellars price in Champagne is likely to have been between FFr 45 and FFr 50, compared with between FFr 60 and FFr 70-75 for champagnes sold under well-known merchants' labels.

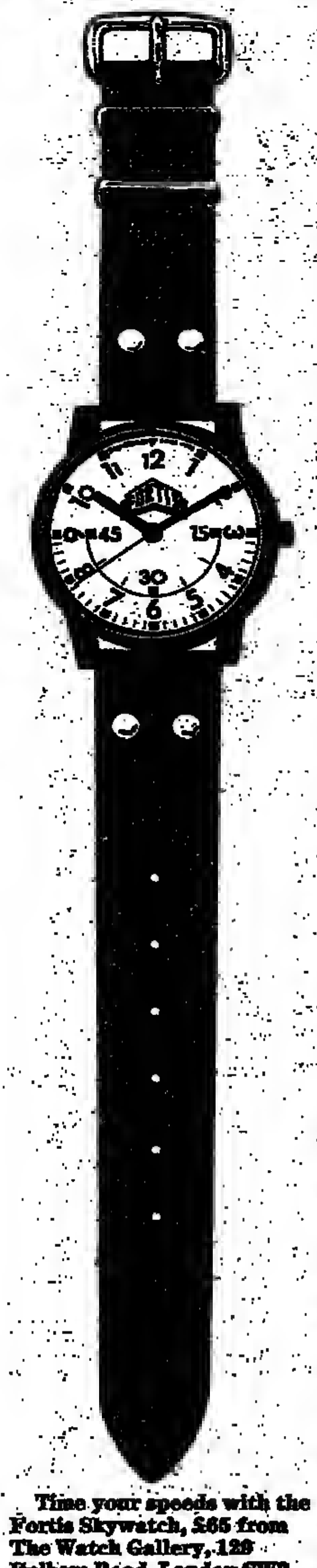
A further element in the price jigsaw is the large amount of champage available after five large vintages out of six, plus an additional 500 ha of new vineyard coming into production each year at present. Stocks now represent rather more than the desirable three-years' supply, but if sales are reduced in what may be a difficult time time this year, and there is another large crop, stocks might rise to an unacceptable level of four years or more. This might bring down the price of grapes and assist champagne in its competition with other sparkling wines.

Thoughts from the George Bernard Shaw school of fashion

Warm, round and cosy

Lucia van der Post

HOW TO SPEND IT



Time your speeds with the Fortis Skywatch, £65 from The Watch Gallery, 129 Fulham Road, London SW3.

NO MATTER how many glossy magazines you read and how fashionable the ski shop where you buy your clothes you may be absolutely sure that it is not until you hit the piste that you will have any real idea of what this year's ski fashion is all about. Piste-cred, like street-cred, seems to be an eternally evolving matter, gained the hard way on the slopes, where those who mind about such things watch and learn from other skiers. The newest trends are set simply by being seen.

Skiing being a relatively new sport with few ancient and royal traditions there isn't as yet an established, enduring, classic look that the insecure can take refuge in - no name, if you like, that is to skiing what Brooks Brothers is to men's clothing. It's all much too new, brash and fashionable.

Which is not to say that it isn't easy to make plenty of mistakes. A good look around the ski slopes quickly reveals them all.

The real problem with dressing for the slopes is more easily identified – how to be warm, dry and glamorous all at the same time – than solved. If you have the legs, height and tawny mane of a Swedish model, then you're away but that leaves the rest of us (particularly, sob, if like me, you're just 5 ft 2,) still feeling that the alternatives are a fast schuss towards frostbite or an all too realistic impersonation of a Russian Babushka.

After years of avoiding the padded Michelin-man look, of settling for the sleekest ski-suit I could find, and of always feeling cold, I decided that this year, with a trip to the Canadian Rockies on the agenda, things were going to be different. I was going to adopt the Bernard Shaw approach to dressing for the slopes - he never bothered about how he looked because "when I'm at home everybody knows me and when I'm away nobody knows me." Quite so.

I stopped worrying about anything except warmth. I discovered a Luhta skisuit, prettily pastel, soft, billowy as a creampuff and just as fattening. With it came a matching jacket - just as padded, just as soft, just as billowy. Inches added everywhere but so was warmth. Under the suit I wore Helly-Hansen thermal underwear and one sweater. My head was wrapped in a cowl held in place with ski-goggles - not even at home would anybody have known me. George Bernard Shaw was right.

Skiing in the Rockies is notoriously cold; temperatures on higher slopes can go up to minus 50 degrees centigrade and anybody planning on heli-skiing (as we had hoped to do) has to be exceptionally well-prepared. In the end it was unseasonably warm for the time of year (minus 20 deg was about as low as it got) but I never at any time felt cold anywhere except the few exposed bits of my face.

The best of modern skisuits are miracles of high-tech – made from artifical fibres that keep out the wind, snow and cold and yet breathe. The thickness of the insulation in the outer layer however is important and it is almost impossible to be really warm in low temperatures without padding. The fabric of the year is undoubtedly ICIs Tactel, a fibre which seems tailor-made for the ski-wear market. Manufacturers specialising in skiwear for extreme weather conditions are Luhta (which incidentally is extremely reasonably-priced, my suit costing just £135), the British make of Berghaus, Degre 7, Powderhorn and Big Ski. If you're only planning some warm spring skiing you can afford to concentrate mainly on what you look like. Top fashion names this year are Lily Farouche (at Lillywhites - a riot of bright floral prints for women and exotic jungle prints for men), Bogner (also at Lillywhites, not cheap but very noticeable, look out particularly for the wild west feathers and fur ski suit or the skisuit bedecked with cartoon figures) and, of course, Peter Steinebronn (this year awash with leopards, stars, moons and even gemstones).

1. Right: ICIs Tactel seems to be the ski manufacturer's dream fabric - it is tough, warm, waterproof and windproof and can shimmer like silk and satin, crinkle like cotton, it can take prints and patterns and has been used by many a top name this season. Here Franz Klammer has used it to make a dazzlingly suit in strawberry/lilac, grey/eyllow or turquoise/grey. £379 from Ellis Brigham, 30/32 Southampton Street, London WC2 and branches.

3.Above: bum-bags are not known for their chic but unless you have capacious pockets yourself or are accompanied by a male companion with ditto every skier needs one. Certainly not chic but useful and fun are the animal carry-alls (choose from pandas, racoons or, here, Koalas) sold by Snow + Rock, £8.50.

4.Above: softest leather lined with sheepskin makes one of the chicest hats on the slopes. If you're into flying as well you can get double wear out of your Biggles Hat. £109. (p+p £1) from Snow + Rock.

Left: blue and white striped Happysac - just the thing for those who carry more on the slopes than the small bumbag can carry. Folds up into almost nothing. £12.99 (p + p 50p) from Snow + Rock.

2. Left: more heat, say the experts, is lost through the head than any other way. So keep warm the Davey Crockett way with an extremely realistic acrylic "fur" hat by Grosjean £39.50, from Snow + Rock, 188, Kensington High Street, London W8.

5.Above: serious skiers wear their knee injuries like a badge of courage - years of mogul jumping leaves their knees in dire need of some support. Whittaker's supports are the brightest and most fashionable. Should be properly fitted in the shop. £24.99 from Ellis Brigham.

SKI FLASH

● Ever wondered how fast you're going down the piste? Buy yourself a Fortis Skywatch and time yourself. Tough, with sturdy straps and bold faces in colours that match your zinc sunblock, £65 from The Watch Gallery, 129 Fulham road, London SW3, and 11 New Bond Street, Bath.

● If you own your own ski equipment you'll want to keep it (apart from the expense of replacing them it takes the gloss off the gluhwein if, as once happened to me, you emerge from the stubel to find you're stranded up a mountain with no means of getting down it) so invest in the Fireprint Initialiser and imprint your initials on skis and sticks. £9.95 for the kit.

● Even if you've never hit the elopes before yourself, you'll have lead a sheltered life if you haven't heard a skier complaining about his feet in the kind of detail that is normally thought appropriate only in the consulting room. Instead of boring your friends take your problem to Snow + Rock where its Boot Clinic promises to give kind and serious attention to the matter.

● Cold mortals can now buy heated gloves - essentially a glove with a zip compartment where a hot liner pack can be placed. £39 a pair, Mycoal warmers 99p for a pack of two, from Snow + Rock branches.

● Warmest, lightest thermal underwear - either Helly-Hansen, which I've just worn skiing in the Rockies in temperatures down to minus 20deg and found excellent. In navy, turquoise or pink, slim fitting, made from 100 per cent Polypropylene, £10.95 (p+p £1) each for long-sleeved vest and longjohns from Alpine Sports, 456/8 The Strand, London WC2. and branches: or pure silk thermal underwear, in cream or navy, at £19.95 each for vest and longjohns, from The Survival Shop. 11-13 West Colonnade, Euston Station, London, NW1 2DY or by mail from Survival Aids, Morland, Penrith, Cumbria.

● Yuppiedom wasn't all wasted - it has left us with some lasting benefits, like a few helpful serviees started by some enterprising companies to cater to the needs of people who work long hours. Snow + Rock, for instance, noticing that skiing was a great Yuppie pastime, decided to open a city branch at 150 Holborn, London WC2 where once a week, every Thursday, City workers can shop at any time between 7.30 am and 7.30 pm. (And just in case you forgot your copy oft the FT you will be able to hsve a cup of coffee and read their copy while you wait).

● For some, the best thing about skiing is the tan (so much more exclusive than a summer one) BUT the combination of wind, cold and ultra-violet rays that high altitnde skiing involves can be really damaging to the skin. Ambre Solaire's Anti-Reflection Cream 15 protects against UVA and UVB rays, both of which are intensified by reflection from the snow. Always protect the lips – all the well-known makes like Piz Buin, Clinique and Bergasol have good lip protectors and I like particularly the Piz Buin Glacier Cream which, though quite oily, I alwsys feel is giving my skin some protection from wind and cold.

● Finally, don't forget this year's essential accessory - Zinc Sunblock Cream, until last year only available abroad but now on sale in our very own sports' shops.

Choose from white, green, pink, orange and other equally outrageous colours. £2.50 a jar (30p p+p) from Snow + Rock, 188 Kensington High Street, London, W8 and 47 Stephenson Street, Birmingham.

Cookery/Philippa Davenport

Game for a laugh

LATE JANUARY and early February are usually the nastiest weeks of the year. This is the season when the bitterest winds blow and snow is most likely to fall. I have noticed too in years gone by that when my stocks of candles and nightlights are almost exhausted, power cuts and burst pipes are liable to occur.

Even if winter does not hit us hard this is an undeniably lacklustre time of year and the thought of casseroles and stews richly flavoured with game is deliciously cheering.

Each of the following recipes can easily be made in double quantities. Enjoy some now, store the rest in fridge or freezer to draw on later. Reheat them the conventional way in the oven. Or use a saucepan placed over a camping gas stove in an emergency. More romantically, you could use an old fashioned stewpot nestled in the hot ash fringes of a good log fire.

CIVET OF HARE
(serves six or more)

A fine hare is needed for this dish: the flavour of young leveret is too mild. Get the butcher to joint the hare and to strip off the tough blue-white membrane that encases the saddle and legs. He should also give you a little polythene bag containing the hare's blood and its liver, which will thicken the gravy deliciously. The liver gives the gravy a slightly grainy look. If you think this spoils the appearance of the dish you may prefer to thicken the gravy with the blood only; cut the liver into lobes, saute it and add it directly to the civet.

One hare, jointed; a piece of streaky bacon weighing about half a pound; scant half pint red wine and six to eight tablespoons port; cloves, bay and thyme; melted bacon fat or butter for frying; one large onion; six to twelve sweet pickled prunes (if not available, accompany the dish with rowanberry, crab apple or redcurrant jelly); three quarter pint good stock made from the head, rib cage and other hare trimmings.

Mix the port and wine together. Add some peppercorns, a couple of bay leaves, four cloves and a few sprigs of thyme, all lightly bruised with mortar and pestle. Put the hare joints into the mixture and leave to marinate for 24 to 48 hours.

Dice the bacon and fry it for a few minutes in a non stick pan. Transfer it to a casserole.

Drain the hare from the marinade and dry it, reserving the liquid. Dust the meat with flour and brown it all over, adding extra bacon fat or butter to the pan as necessary.

Put the hare into the casserole. Then colour the chopped onion and add that too.

"Wash out" the frying pan first with the marinade liquid then with the stock, letting each mixture come to the boil before you pour it into the casserole. Add some salt and pepper and a few herbs.

Cover tightly and cook at 300 to 325F (150-160C) gas mark 2 or 3 for two to three hours until the hare is tender. Add the prunes to the pot for the last 15 minutes of cooking time.

Just before serving, lift the hare joints and the prunes out of the casserole and keep them hot. Quickly whizz together in a food processer or blender the hare's liver and its blood. Beat in a spoonful of the hot gravy then stir this mixture into the casserole. Cook very gently indeed for a few minutes - on no account boil - until the gravy thickens.

Season with salt and pepper, add a shake of Worcester sauce, a squeeze of lemon juice and/or a pinch of sugar as you wish. Then return the meat and prunes to the casserole for serving.

Very plain accompaniments are best with this rich dish. I like nothing better than plain boiled noodles and plenty of watercress.

VENISON WITH MUSHROOMS AND BLACK WALNUTS.
(serves six to eight)

Venison is becoming increasingly easy to buy now that deer farming is gaining popularity. I still think good wild venison tastes best but farmed is undoubtedly more consistent in quality. marinating is always advisable, I think. Here the meat is used to make a dark and savoury stew that is handsome as well as delicious.

Two pounds good stewing venison (trimmed weight); three quarter pound small flat mushrooms; at least eight pickled walnuts; bay leaves, thyme and a bunch of parsley; quarter pint red wine; three quarter pint good stock or beef consomme; one large onion; a little lard and flour; fleurons of puff pastry or diced crutons of fried bread for serving.

Cube the venison and marinate it overnight in the wine with some thyme, bay and peppercorns. Drain and dry the meat, reserving the liquid. Dust it will well seasoned flour and fry it in a little lard. When browned, transfer it to a casserole.

Next, fry the mushrooms, cooking them for several minutes to concentrate their flavour. Remove and reserve them.

Then add a little more fat to the frying pan and lightly colour the finely chopped onion. Sprinkle a scant two tablespoons over the onions. Pour on the marinade liquid and the stock or consomme and stir well as you bring the mixture to the boil. Tip the contents of the pan into the casserole, season and add a bouquet garni. Push the meat well down into the gravy. Cover tightly and cook at 300 to 325F d(150-160C) Gas mark 2 or 3 until the venison is really tender.

Remove the bouquet of herbs and check the gravy for seasoning. Then add the walnuts (cut in half) and the mushrooms, stirring them in here and there.

Cover and cook for a further 20 minutes or so to heat the mushrooms and walnuts. Scatter lavishly with chopped parsley and fleurons or croutons just before serving.

PIGEON BREASTS WITH CABBAGE
(Serves six)

This easy and agreeably inexpensive recipe comes from Julia Drysdale's admirable book Classic Game Cookery (Macmillan).

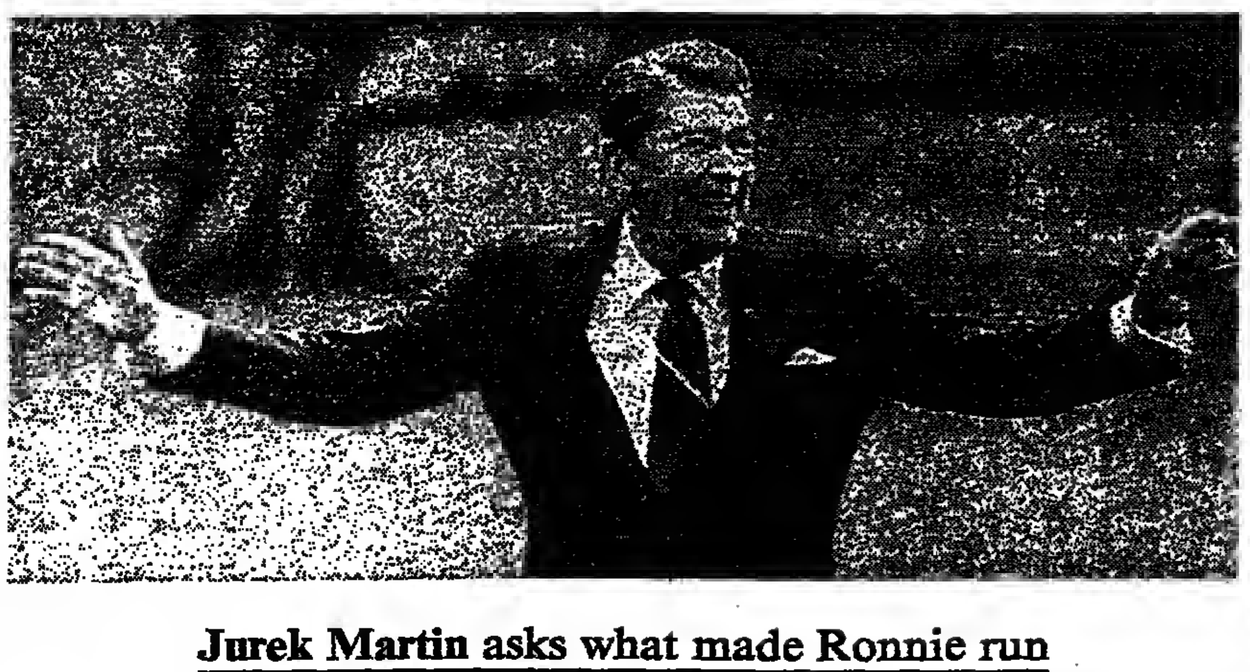
One medium sized hard cabbage; ten to twelve pigeon breasts (simply slice the breasts off and use the rest of the meat and the carcass to make the stock); ten to twelve slices of streaky bacon; one ounce butter or bacon fat; one onion and two carrots; juniper berries and a scrape of nutmeg; about three quarter pint stock.

Slice the cabbage and discard the woody core. Parboil the slices in boiling salted water for seven minutee. Drain thoroughly and press out all the water.

Wrap each breast in a slice of streaky bacon and secure the bacon with a wooden toothpick. Brown the breasts in butter or bacon fat, then slice and very lightly brown the onion.

Put half the cabbage in a deep casserole. Lay the breasts on top, then the onion, sliced carrots, some crushed juniper berries, salt and pepper and nutmeg. Cover with the remaining cabbage, and pour in enough stock to come about half way up.

Cover with greaseproof paper and then a tight fitting lid. Cook at 275F (140C) gas mark 1 for about three hours.



Jurek Martin asks what made Ronnie run

One for the Gipper

REAGAN'S AMERICA: INNOCENTS AT HOME
by Garry Wills. Heinemann. £14.95, 488 pages

THERE IS something awesome, even bionic, about Garry Wills. Many good historians and authors find studying one, or maybe two, presidents enough for a career but *this is his sixth since 1970 - and on* a president who has not even left office. But whereas Theodore White had to reconsider Nixon in the light of Watergate, there is a definitive quality to Mr Wills's psychological dissection of Ronald Reagan that, one suspects, will need no subsequent reinterpretation.

The President's own biography was entitled, *Where's the rest of me?*, after a line in *King's Row*, his best known film; Mr Wills's *response is to delve in the cutting-*room floor of his life and come up with some answers not exactly flattering to the man in the White House.

But not without sympathy, either. His thesis, straightforward and very tenable, is that Ronald Reagan is an authentic product of 20th century America, especially of the greatest single US contribution to contemporary life, the cinema. His acting skills, not great but not negligible, have helped but they are not the key to the Reagan success; much more important was the extent to which he came to embody the values and the legends presented on screen to America which, ultimately, passed into the nation's subconscious. He thus endured *where others failed or passed on* and became, in Mr Wills's words, our movie.

The book is at least as much about America as it is about Mr Reagan *himself*. It follows his path from small town Illinois to big-time Hollywood, touching on some wonderfully illuminating points along the way.

The "moralizing" *streak* is deeply ingrained in Mr Reagan, learned from his mother and from the devout Christian society in which he was raised. "He was moralized at, and he moralized at others...he gets rid of evil by preaching it away from him. This is a genuine part of Reagan and a genuine part of his appeal – the straight arrow, the boy scout, the square."

He has always been what Mr Wills calls a "dissenting conformist", epitomised later by his trade union "career" but first dramatised by his involvement in a student revolt at Eureka. Yet the President's retelling of that incident, which led to the ousting of the college president, is at almost complete variance with the facts reassembled by Mr Wills; indeed Mr Reagan seems completely to have forgotten what actually happened, a complex story by any standards in which he was only a bit-player, but to have "converted it into an 'historical' symbol, Paul Revere on the ride." He was on the "right" side and that side won.

FDR's New Deal may have helped the Reagan family out of a hole and made him, for years, a voting Democrat, but he was sent on his way by the bizarre radio empire of B.J. Palmer, of station WOC (it stood for World of Chiropractice) in Davenport, Iowa. Radio flourished in the Depression and one of its first great users was FDR, which perhaps explains why, seven years into his presidency, Reagan still churns out a weekly talk. Perhaps they are not so different from what he did on WOC, where "the Reagan brothers were apprenticed as salesmen, advertisers, product spokesmen. The arrangers of others' dreams, Somnipractors."

The next stop, sports journalism in the state capital, Des Moines, also left its mark. At its best, American sports writing possesses incomparable flair, at its worst it is no more than partisan fiction. The dominant figure in the Midwest sports world of the Depression, Grantland Rice, purveyed both to perfection, and served as Reagan's yardstick. It was Rice who wrote up, immortally, the folklore about the celebrated Notre Dame football coach, Knut Rockne, and George Gipp, his star-player. Gipp is dying, and Rockne extols his team-mates at half-time in the game against Army to "win one for the Gipper." But Rockne, albeit an artist at motivation, never *said such a thing*, which Rice knew well. No matter. Guess who played the Gipper in the snbseqnent film and who still enjoys the same nickname; and guess whose political speeches still often sound like an imaginary Rockne-Rice pep talk? This was the currency of the Depression and, as much more recent history has shown, still has its appeal.

The Hollywood section of the book is the longest, the best researched and the most fascinating. Reagan was not a great actor, but he was a succesful one, regularly in work, making no waves with the establishment, living the dream. Like a professional, he learned his lines and, as a minor star, he was entitled to his support.

No one knew this better than Nancy Davis, the actress and his second wife, who, to this day, conceives her role not as a policy adviser but as someone who can ensure he is "up" when he needs to be. She has ensured that those aides who have not understood this have not lasted. When she has needed help, she has imported it; two trained psychologists in 1968 got him "up" for the Republican convention and gave him the prop of the three-by-five cards without which which he seems unable to function.

The fact that Reagan considers *King's Row* (in Wills's view, "a leering adaptation of a trashy novel") his own best film seems particularly significant. For it was a film from which all the novel's intimations of unacceptable social behaviour (in *this instance* homosexuality) had been rigorously gutted by the Code of Behaviour by which Hollywood operated. Yet Reagan's own recollections make no mention of this dimension.

This leads the author down some mordant trails. "*Did he just pretend* he did not see. . . How would we know if he was pretending to pretend? How would he? Reagan was the perfect Hollywood chastity *symbol*, one whose innocence became indistinguishable from ignorance." In *fact*, the reality of Hollywood ("this world of hypocrisy, of illusion, of endangered identity") *seems to have left no* scars on Reagan. He managed this "by pretending that nothing had happened." So it was with the collapse of his first marriage to the actress Jane Wyman. He just went on as normal, which either speaks volumes for his intestinal fortitude or attests, as Mr Wills would have it, to his living of the dream.

Similarly, Ronald Reagan fought the last war in Hollywood, making war movies (his poor eyesight precluded military service). But he lived the war as if he had fought it, *to the point that fact and fiction* became, again, indistinguishable. Many of the stories he likes to recount as true – of a black sailor effectively "ending" military desegregation at Pearl Harbor, of his own "visit" to a concentration camp – are derived from newsreels or fictional films he had seen at the time. Yet they were told to visiting Heads of State and to his nation and the world at large with the same conviction as his homilies on welfare fraud and Soviet iniquities.

The same illusion centres on his union activities. The Screen Actors' Guild, of which he became president, was indeed formed to combat the anti-union policies of the Academy of Motion Picture Arts and Sciences in the 1930s, but became, in affect, a part of the Hollywood establishment, at least during Reagan's period of leadership. Jack Warner, the legendary studio boss, fought with actors of all stripes, but never with Ronald Reagan.

In testifying against another craft union, Reagan said that "one of the greatest tragedies of this labor strife. . . is the fact that it breaks up *this closely knit family* unit," in other words, the film establishment; not exactly the sentiments of a bona fide union leader, outside Japan anyway.

It mattered much more that he had become a committed anti-Communist (and FBI informer) by 1946. As in Eureka, the need to be, simply, on the "right" side counted much more than the complexities of very real labour problems in his industry at the time. He never involved himself in the latter. It helped that he had, early on, played an FBI agent on screen; an old role and a new enemy neatly fused into a new career.

And thus it went on, through a speech-making decade with the Guild, to the governorship of California, to the White House, apparently with Ronald Reagan changing not a jot, but simply *refining* the act.

Mr Wills has written an excellent, contemporary history which, if it does not flatter either of its subjects, Reagan or America, does not demean them. After all, we, in Britain, make much of how Mrs Thatcher's views were shaped by her early social conditioning. In this, and in matters good, bad and indifferant, of which his career embraces all three, Ronald Reagan is no different. Except that,in his case, the lines between fact and fiction were never so clear as they were in Grantham. Still, his story has the virtues of surprise climaxes; perhaps Paul Volcker will ride to the rescue with the cavalry after all.

Peter Quennell on a fresh view of old moonshine

So fatal and so foolhardy

ROMANTIC AFFINITIES: PORTRAITS FROM AN AGE 1780-1830
by Rupert Christiansen, Bodley Head, £16.00, 262 pages

FEW WRITERS are so candid, or indeed so unselfconscious, that they explain for their readers' benefit just why and in what circumstances they have begun to write a book. An exception is Rupert Christiansen, who, he tells us, once spent the best weeks of three summer *months scrutinising huge piles* of examination papers, all devoted to the same prescribed subject, Romantics: 1780-1830.

He seldom approved of the examinees' efforts. Nor did he think they used the word "Romantic" with much appreciation of its real meaning; and from this painful experience, and the problems it raised in *his own mind, sprang an interesting* and often illuminating book. It is an attempt, he writes, to "portray the temper of an age through the lives and works of some of its most sensitive consciousnesses; to show the electric interaction of, and *affinity* between, people, language, ideas and events; and to suggest some of the excitement and urgency that was felt at the time."

Romantic Affinities, he promises, "will be a book of *stories*" that describe "long walks, *failed* loves. . . slammed doors. . . moments that changed lives. . . music heard over the water. . . " In fact, his approach to the past is frequently anecdotal, rather than strictly historical or critical; and his range of dramatis personae is wide, from André Chénier, the most distinguished victim of the French Revolution, who occupies his first 20 pages, to Wordsworth, Coleridge, Shelley, Keats and Byron, but he includes on his way Pushkin, Lermontov, Heine, Victor Hugo, Stendhal, and Alfred de Musset, all of them ingeniously combined and compared.

Women writers, of course, are not neglected. "*How did women* see themselves," he asks, "and how did the poets and intellectuals see them?" In *Don Juan*, Byron had declared that love was merely a small part of a man's life, but a woman's "whole existence." An overworked *cliché*, Christiansen decides, much abused by male "experts of the sex-war"; for, during the later 18th and early 19th century, women were shaking off their emotional and social chains. They had developed political views; and Mary Wollstonecraft, William Godwin's *wife and authoress of a Vindication of the Rights of Woman*, visited Paris in December, 1792, and observed the Revolution at its best and worst, became associated with a high-minded Girondins, and, through her bedroom window, watched Louis XVI being driven to the scaffold.

Among so-called "experts of the sex-war," Lord Byron was the most brilliant and conspicuous. But on him Rupert Christiansen has the least perceptive things to say. Perhaps his likeness has now been drawn too often; but he certainly personified the rebellious and self-*destructive spirit of his age*. His influence was soon to reach Pushkin, though the Russian poet indignantly *denied that his Eugene Onegin* and the satirical *Don Juan* were members of the same family. Each contributed, nevertheless, to the "excitement and urgency" of the Romantic period, and to the atmosphere of "storm and stress" that Rupert Christiansen does his best to recreate.

He is an able story-teller, if sometimes a little too apt to throw in an unnecessarily jarring phrase, as when he remarks that Godwin's memoir of his dead wife "amounted to further titillating evidence of the scandalous life-style of radicals"; or, that Claire Clairmont's foolish love-letters to Byron were "so tactless and gauche as to make one's toes curl up with embarrassment." But the portraits he draws are usually vivid – one of the best being his sketch of André Chénier, an excellent poet in the classic vein unknown by many English readers, whom the Rev*olution which he had first sup*ported was at length to overwhelm.

All European poets of the day were to some extent affected by the Revolutionary storm. But Chénier's fate was peculiarly poignant. Thrown, "for reasons of general *security*," into the Saint-Lazare prison, where some 800 suspected Royalists formed a strange Bohemian underworld, gambling, drinking and conducting their private affairs, but from which they were regularly carted off to die, he vainly awaited a release.

Meanwhile, he had had time to compose his final poem, written with great care on a scrap of waste paper; but then he, too, heard his death *sentence*, and, as the tumbril carried him off towards the guillotine, he uttered his memorable last words: *J'avais pourtant quelque chose là!* he exclaimed, striking his forehead. "After all, I did have something there!"

Staged bust-up

CLEA AND ZEUS DIVORCE
by Emily Prager, Chatto & Windus, £10.95, 259 pages.
ADVENTURES IN A BATHYSCOPE
by Aidan Matthews, Secker & Warburg, £10.95, 225 pages.
BAA
by Chris Wilson, Harvester Press, £10.95, 150 pages.
THE ABBE TIGRANE
by Ferdinand Fabre, translated from the French by Robert Liddell. Peter Owen, £10.95, 182 pages
BREAKERS
by Martin Walser, translated *from the German* by Leila Vennewitz, André Deutsch, £12.95 pages

EMILY PRAGER, author of a previous book of short stories, *A Visit from the Footbinder (1983)*, and a political satirist for Village Voice, has published her first novel.

This tale of a married pair of comedians and dancers seems to have the virtue of being well-written, or, at the least, not very badly written. ("She bolted ont of the corridor, encased in an aura of rigid con*trol that protected the wispy* innards of her femininity. . . ") Clearly the author is a person of intelligence.

After 15 years of being married and performing together, Clea and Zeus are giving their final TV special, their divorce, at the Ted Harris Theatre in New York. Zeus, a white Rhodesian who once sanction-busted *on behalf of* Ian Smith's *tobacco* crop, is so guilty he wants to die: he refuses to wear a radiation suit on the show. *Oh, I for*got to tell you, Clea has been convinced that while their final show is in progress, a nuclear device will explode over New York.

The blurb informs us that Emily Prager received a degree in anthropology from Barnard College. This novel represents a waste of her abilities.

Aidan Matthews, *just* over 30 years old, has written verse and plays, and is a radio drama prodocer in Eire. *His* lively collection of stories wants to break the tradition of the Irish story, and resorts to various now exhausted techniques – surreal, absurdist, Borgesian, and so forth. But this author is very well educated in the his*tory of modernism, and he* writes very well indeed.

The surface is fresh and unusual. When he finds something of his own to say, Matthews has all the equipment to say it originally and well. He is at his best when he permits his own apprehensions to get a look in, and the collection is worth reading.

Chris Wilson has already written one comic fable, *Gallimaus's Gospel* (1986), and quickly follows it up with another in similar vein. It is the sort of thing that is hard to maintain unless you have a strong mind to it. In 1891 Count *Friedryk Baa* Mindeberg, a middle-aged Scandinavian biologist, puzzles over why his wife is irrational, and why his monkey plays Schubert sonatas on the xylophone. A pity for those of us who do not react favourably to such outlines, for Wilson writes elegantly and supplies much shrewd commentary. The surreal-comic outlines obtrude *on our responses*. But this is assuredly worth a look.

In his time, Ferdinand Fabre (1827-98) was regarded as in the mainstream of the French novel; compared to Trollope and Hardy, he was admired by Sainte-Beuve, Renan, Taine, Pater, and Edmund Gosse. A regionalist who just failed to graduate in the manner Hardy did, Fabre's reputation soon faded.

But *The Abbé Tigrane* (1873), invariably seen as the best of his novels, never deserved neglect. Now, with an excellent introduction, we have it. It is a gentle and yet powerful study of savage in-fighting in a French Roman Catholic seminary, centring on an angry and ambitious abbé and his rival.

Martin Walser is a sturdy professional who has never written a bad novel, but has written several good one... His most persistent theme is spiritual and social corruption in his own people. *Breakers* (published 1985 in Germany) shows him in fairly light vein: a middle-aged German *intellectual* is transported to California's academic life and falls for its attractions desplts his self-knowledge.

Martin Seymour-Smith

Turkish delights

SOUTH FROM EPHESUS
by Brian Sewell. Century Hutchinson. £12.95, 244 pages
SOUTH LIGHT
by Michael Parfit. Bloomsbury Publishing. £14.95, 306 pages
ICEBOUND IN ANTARCTICA
by Davdid Lewis and Mimi George. Secker & Warburg. £12.95. 242 pages.

AS A presenter on one of those execrable TV holiday programmes said the other night, Turkey is confidently expected to be the next "exploding market" for UK tourists – which sounds like very bad news for Turkey. In other words, nip there smartly before the legions of the naff come shuttling in, looking for chips and plonk and bonking hutches.

If you get there before they *do you will find Brian Sewell'e South From Ephesus* an invaluable guide to the areas most visited by Western tourists – excellent because it is part archaeological guide, part history, part autobiography and part modern commentary.

But that is only the start. Like all the best travel books, this one gains mightily from the *quirkiness* and eccentricity of its anthor. At times, Sewell stamps his foot and throws a tantrum. Or takes a sideswipe at the archaeological plunder that has enriched the British Museum. Or suddenly launches into the wryest little essays on Turkish politics and sexual mores.

You feel that if you knew him you would often want to slap him, but that you would always wish to hear his views.

Why Turkey? As Sewell says, this crucible of European civilisation is not without blemish. "Nothing new in Turkey is worth tuppence, and most of it is concrete, in poor imitation of the worst rubbish of the West."

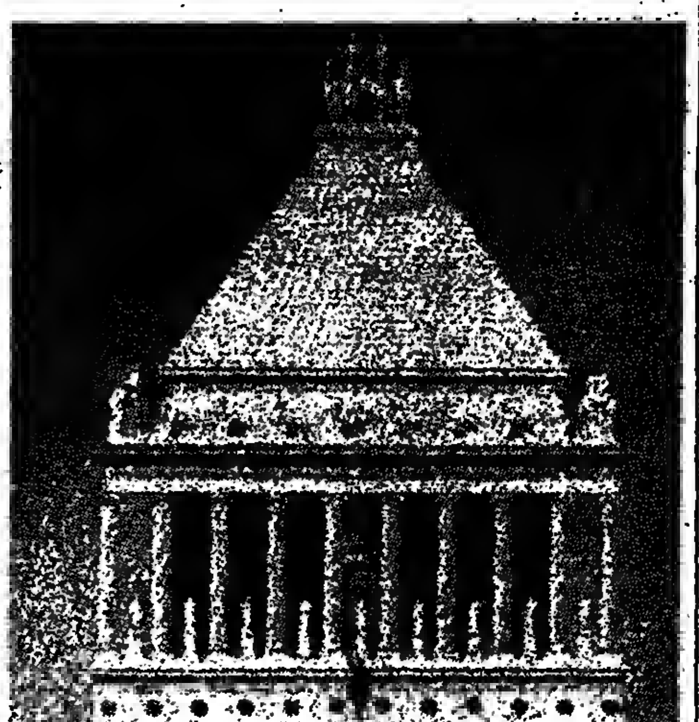
Yet as Sewell, who is an art historian and critic, also argues, travelling in Turkey is a brilliant reward, for bashed and battered though its remains may be, they are haunted by amiable ghosts.

He says that he would willingly swap David Hockney and all his works for one unmapped chapel on the summer snowline in the Pontic Alps because "it seems to me now that there is no corner of Turkey that is not part of European history and culture, no site or monument that throws no *light towards* the West."

Apart from its history and ruins, Turkey has eplendid scenery and the cleanest water in the Mediterranean. Add Turkish food. Add unpredictable wines and raki. Add music. *Add the dance – not the san*tized belly-dancer of the tourist trap "but the real houri whose business is explicitly concerned with her loins and yours, and the men and boys who spontaneously drift into sexual ambivalence." And add the Turk: *never Gladstone's* unspeakable, but welcoming and curious.

What I like most is Sewell's reportage, which is beautifully precise. At Miletus, he talks to a party of dark-skinned, moustachioed wildfowlers as comprehensively equipped as any in the Essex marshes. A little later Sewell observes a perfect 'V' of nine pelicans lazing away *on* a thermal. "Some minotes later they returned, now raggedly urgent, the 'V' broken, and seven in number." He damns the moustachioed marksmen and their damn green wellies.

What Sewell has produced is a grown-np travel book for grown-up travellers. May he stamp his foot for many a mile more.



Reconstruction of tomb of Mausolus at Halicarnassus – an illustration in "South From Ephesus"

The thing about Antarctica is that it does not seem real. It is *fanciful, and strange. In South Light*, Michael Parfit has beautifully captured this othsrworldliness. He spent a season there, travelling by air, icebreaker and research vessel, and like Brian Sewell is an excellent reporter with an eye for fine detail.

Similarly, *Icebound in Antarctica* is a fascinating *description of the problems* than can beset a small-scale private Antarctic expedition. We are given a candid narrative.

It will be a century or more before the legions of the naff find their way to Antarctica's great wilderness. But I pity poor Turkey. I really do.

Michael Thompson-Noel

Escapers who found freedom

FRIENDS AND ROMANS
by John Miller. Fourth Estate, £13.95, 184 pages.
MANDER'S MARCH ON ROME
by d'Arcy Mander. Alan Sutton, £10.95, 149 pages.

IN EARLY September 1943, when Italy dropped out of the Axis, some 50,000 British pris*oners of war were free to head* for home. Orders to do so were never given, which still remains a mystery. Those who stayed in camp were soon seized by the Wehrmacht and packed off to captivity in Germany. Two who ran for it were John Miller and d'Arcy *Mander. Mander seems* to have been the more determined personality. Miller is far the better writer, however, evocative and consequential where Mander is prone to be clipped and confusing. At any rate, these *memoirs* are enthralling.

Both men were fortunate in the Italians they encountered, without whom they could never have evaded German search parties. Miller found himself in the village of Nespolo, not far from Rome. *There* he fell in with Arturo Platano, a man of great charm and invention, who soon fixed him up with the identity of Antonio Maggi, a deaf *mute*, with a *family* in need of extra ration cards. Among the Platanos were La Nonna, an archetypal Italian grandmother, and Lucia, a clever sister.

Mander, on the other hand, had a hard time of it, walking in the Apennines to reach Florence, where he had an elderly aunt. Somewhat careless in his security, he was arrested there, but managed to escape once more. False papers announced him to be Pietro Bartoli. Unusually perhaps, both escapers were able to speak Italian, and soon could pass themselves off well enough to deceive the Germans.

Reaching Rome in their separate ways, Miller and Mander were too exhausted physically and mentally to continue south to the British lines. Miller holed up with Arturo and Lucia in their flat; Mander moved in a more cosmopolitan crowd *which included dubious people* playing off both sides in the war. Escaping British soldiers in the end seemed to have met up in a little network operating *out of the Vatican, that strange* neutral enclave. Monsignor O'Flaherty, almost a caricature of an Irish priest, a *Major* Sam Derry, the very grand Princess Pallavicini, make their appearances in both books. No doubt some of the helpful Italians had an eye to the future and saw in the runaway Englishmen all sorts of promises and insurance policies.

The risks were still enormous, and Mander tells of a peasant shot by the Germans in front of his family for helping the British. A picture emerges of ordinary and decent people who stayed themselves in spite of Fascist rhetoric and intimidation. It may be that Italians quite rightly never believe what their leaders tell them. It may be *that they tend to disre*gard the law and side with the man on the run. For these attractive instincts and sympathies, Miller and Mander have *every* reason to be grateful, and so they are.

David Pryce-Jones

Spaniard's eye

TORQUEMADA
by Benito Perez Galdós. translated by F.M. Lopez-Morillas AndréDeutsch £15.95 (paperback, £8.95) 569 pages.

NINTEENTH-CENTURY realism cannot but appear mannered and subfusc to jaundiced late twentieth eyes. *Silas Marner* had at least the virtue or brevity; not so Galdós, on the evidence of this turgid tetralogy. This first English "version" of *Torquemada* comes to us via Columbia University Press in a translation made possible by a grant from the Translations Program of the National Endowment for the Humanities. Columbia also acknowledge a grant from the Program for Cultural Cooperation between the Spanish Ministry of Culture and the North American Universities for aid in the publication.

Don Francisco Torquemada ("the paymaster of that hell where debtors wind up") cannot escape the influence of the second half of the ninteenth century, "which has almost made a religion out of the decent material needs of life." Between 1868, the year of the September Revolution, and 1874, the year of the Restoration, this Rachmann type has begun moving up the Madrid social scale, "lending money at horrifying usurious rates," and will become Senator, Marquis, his Dona Silvia pass away (inflamation of the bowel), as will her successor (of meningitis), and a son aged eleven, a half-wit, surviving.

A nameless narrator chronicles the four parts of Torequemada at the Stake, Torquemada on the Cross, Torquemada in Purgatory, Torquemada and Saint Peter, wherein we meet Father Gamborena, the greatest bore since Father Zossima. The real narrator however is the lady translator, Frances M. Lopez-Morillas, who cannot quite capture the odours of exhaled onion at bedtime, while it comes as a surprise to read of horse-drawn carriages passing by the Retiro Park, of lamplighters igniting the gas lamps along the Paseo de Atocha, for the diction is relentlessly contemporary American. "To earn so much dough, to sweet-talk, a big-shot lawyer, driving me crazy, fixing me a snack, mum's the word, Gosh that was a dandy little battle, are you getting the picture? I'm going upstairs – Have fun."

That there are differences between one time and another up and down the centuries cannot be denied, but Arturo Berea has brought a later Madrid more convincingly to life on the page. To find the pulse that motivates "that hidden constitution of the modern conscience" (that time, that place, those citizens) requires a finer touch. Galdós *goes* preaching through his characters; the shift from impoverished Calle de Toledo and the Café del Gallo to a palace in uptown Madrid is chronicled in painstaking details unlivened by humour; so the emergence of this moneylender from black nothingness to pictorial life, and back again, leaves us unmoved.

The great Spanish city with its gushing fountains, its scorching days and freezing nights, its people, trembles as on an ill-painted backcloth. "On the morning of the burial, and half an hour before the procession set out, all the balconies on the street were replete with people."

Replete? An intolerable digressiveness prevails.

Aidan Higgins

CRIME

STRATAGEM
by Harman Grisewood. William Kimber. £8.95, 156 pages

A RETIRED security unit head is recalled to his old post when his successor is killed after sowing seeds of doubt about the loyalty of the overall chief of security services.

The action includes tense meetings in London and violence in Ireland, but slows a little too much *in the final* stages. Nonetheless, Harman Grisewood, who retired as Chief Assistant to the Director General of the BBC more than 20 years ago, has come up with an antidote for all those who have suffered from digesting *mountains* of turgid prose in the sort of blockbuster which wastes a week's holiday. He has produced a well-told tale with scarcely a wasted word.

Brian Ager

Max Loppert reviews Covent Garden's new production of Wagner's 'Parsifal'

Musical highs and theatrical lows

THE NEW Royal Opera *Parsifal*, first shown on Thursday, is a reading of considerable musical distinction, and in places genuine musical splendour, allied to a misconceived and boring production. This is the company's third postwar attempt at the last, most beautiful, and most difficult of the Wagner operas; the failure of the previous two (notably the second, Terry hands's 1979 staging) is already a matter of historical record. Whether this new effort will be allowed to survive a fair time in the repertory on the excellence of its conducting, singing, and playing – as happened with the first Royal Opera *Parsifal* – is open to question; the best that one can say of Bill Bryden's production is that its mainly negative effect is sincerely reached, seriously intended, and that for the most part it doesn't actually ruin the music.

Happier matters first. This is Bernard Haitink's second Wagner production here (the 1977 *Lohengrin* was his first), and his first-ever *Parsifal*. It might have been guessed that this conductor, one of the world's leading Brucknerians, would show a natural aptitude for the peculiar sense and sound-world of this music – in Robin Holloway's excellent phrase, "the supreme instance of music-drama realised by means of a sonorous image-cluster." (The ENO-ROH *Parsifal* handbook, containing among other things Holloway's introductory essay and Andrew Porter's translation, is well worth acquiring in advance, not least so that the wretched surtitles can be ignored.)

Everything in the opera radiates outward from a shining central core; and Haitink's gifts of divining and touching a work's core, of sustaining long musical spans, of equilibrium, passion, energy, and honesty, serve him well in unfolding it. It goes without saying that *Parsifal* outside Bayreuth, outside the theatre for whose special conditions the "festival work of stage consecration" was specifically created, is always in some degree a matter of second-best. The glare of theatrical light in which this production opens, with a poster-bright drop curtain (including the opera's name written in Wagner's hand) before the eyes and regrettable stage doings visible in the second half of the prelude, offers a particularly jolting example of the dangerous ease with which the work's numinous atmosphere can be compromised in the confines of an "ordinary" opera house.

Yet in spite of this, and in spite of the lowering sight of Hayden Griffin's permanent set in its various transformations, the broad lines of the music were never lost: the slow-welling momentum of each act was expertly encouraged, and on Thursday the great peaks of the music were already in flower. One expects a Haitink performance to develop far beyond its starting-point; no doubt the Flowermaidens' scene will be more lingeringly enjoyed later in the run, the orchestral and choral work more secure overall. There is already much in this *Parsifal* of great and admirable beauty.

The cast is just about the best that could be found today – and (since these are the dog days of Wagner singing) deserving of higher praise than this may imply. *Parsifal* sung lyrically by voices of unspoiled timbre and uncoarsened style is the ideal to which Covent Garden has successfully aspired. As Parsifal and Kundry the young Germans Peter Seiffert (making here his British opera debut) and Waltraud Meier are both outstanding. As yet his full, sappy lyric tenor, so keenly inflected in the early stages of innocence and experience, falls short only in the mature heights of "Nur eine Waffe;" her liquid mezzo, true in attack, unstrained across a wide compass, is a rare delight. Both performers are young, comely, fresh, intelligent.

Robert Lloyd's personable, still-youthful Gurnemanz, known from the Syberberg film, is even wiser, riper-toned, and more directly eloquent in the flesh. Willard White's Klingsor (though perhaps the voice is a little too warmly sympathetic for the role) and, in his few offstage phrases, John Connell's Titurel are impressive. Only the Amfortas of Simon Estes falls below the general high standard: the strong voice sounds hard-used, the lack of varied colour and verbal detail (with some odd vowel sounds along the way) restricts the anguish to a single, monotonous complaint. Fine flowermaidens and esquires.

Mr Bryden, the distinguished National Theatre director, comes to the house recommended (no doubt) by his huge success with the cycle of Mystery Plays staged there. With hindsight one can see that this was the first error of judgment, and far the heaviest. The opera is presented in various parts of a cathedral somewhere in the West Country during the last war (searchlights shine on and off in the background). The local community is putting on *Parsifal* as a "ritual in time of need" – Church Committee ladies in gallant Celia Johnson hats lay out tables and cloths, a young ballet girl in a tutu plays the wounded swan, and what appears to be the local female eurythmics' group strip down to their undies to undertake the Garden of Delights.

In Act 1 there is a stage audience of locals to witness the play; this disappears in Act 2, and then returns somewhat bedraggled in Act 3 (a bomb seems to have gone off meanwhile). But the pretence of (as one interval wag put it) *Let's Make a Wagner Opera* is not just impossible to sustain after the first act, and packed full of risible minor details: it imposes a localized, naturalistic, here-and-now frame on the work which adds nothing to its understanding, detracts sorely from its mythical-symbolic-philosophical overtones, and robs the audience of a theatrical equivalent of the music's peculiar floating, mystical radiance (the moments of magic, such as the spear-flight, are inept to the point of farce).

Mr Bryden has tackled his task with evident seriousness and devotion, paying close attention to many of the narrative directions, responding with sympathy to the characters (the Mr Chips-like Gurnemanz, who masterminds the "performance," is the motto-figure of this production). But *Parsifal* is one of the most highly-wrought artworks of Western civilization, the final product of a single mind, a mighty, sophisticated, troubling genius. Its difficult aspects are too familiar to require repetition; treating it as a homespun piece of English "collective experience" addresses none of them. A modern *Parsifal* production is the most demanding of assignments. I would say that this one is, finally, a cop-out.

Alastair Muir

Peter Seiffert as Parsifal: a promising British opera debut

Kurtág: love and loss

ALREADY recovered from their Sunday marathon, the London Sinfonietta offered a thoroughly rewarding programme on Thursday, back in the Elizabeth Hall. If György Kurtág's extraordinary cycle *Memories of the Late Miss R.V. Troussova*, with Kurtág's peerless interpreter Adrienne Csengery, was inevitably the main event, that detracted not at all from the première of a Sinfonietta commission with a far less dramatic profile.

Hans Abrahamsen's new *Lied in Fall*, a cello concertino, is characteristically soft-voiced, unmelstent, introspective. The soundscape is autumnal, with the accompanying instruments in perpetual downward flutters amid a frosty marimba-haze; the solo role is quietly but eloquently lyrical, in Abrahamsen's special almost-diatonic vein, and seems likely to lodge itself in the mind. Christopher van Kampen delivered it with evident sympathy. Toward the end the cello falls silent while the music rises from the lowest register to a newly bleak, throttled climax: the season has expired.

Kurtág's *Troussova* cycle, 21 raw-nerve vignettes of love and loss, remains one of the wonders of the decade. (The Sinfonietta programme went so far as to print the sung Russian texts in Cyrillic script against the translations, which left much of the audience in regular doubt about where we'd got to – the songs often follow one another breathlessly.) The marvellous Csengery soprano was less fiercely poignant this time, leaving us more room to savour Kurtág's inspired instrumental inventions, utterly loyal to the poems. That was only fair, since Csengery's performance of Kurtág's solo *Attila József Fragments* earlier – a score of razor-edged poetic shards, composed into luminous musical diction – had already made a unique impression.

All the other works were conducted by Diego Masson with his usual acuity. The recent music was sensibly backed with modern classics, Sinfonietta specialities. Where Kurtág's *Troussova* disclosed more tough warmth than heretofore, Ligeti's 1970 Chamber Concerto seemed more baleful than ever: Ligeti's super-polished, disorienting wit treads around a zone of bottomless panic. By contrast, Webern's Concerto sounded candid and classically serene, with its *concertante* piano-part beautifully graded by John Constable.

David Murray

Radio

'Dream-time' and didgeridoos

THE FIRST of the 13 Sunday programmes with which Radio 4 is to mark Australia's bicentenary went back way before 1788, the arrival date of the first convict fleet – Australia's choice as the foundation of their nation. Archaeologists spoke of remains 140 million years old and proposed Australia, rather than Africa, as the birthplace of the human race.

More interesting were the Aboriginal legends of their "Dream-time," when the Great Rainbow Snake blew boys and girls out of a didgeridoo, and all the other animals too, including giant kangaroos who fought the humans. "We believe that this place was given to us by our first ancestor," the Aboriginals say and all their customs stem from the Dream-time. No one mentioned the song-lines.

Then in 1606, Wilhelm Janssen founded New Holland on the North coast. In 1642 Abel Tasman landed on what is now Tasmania, but which he called Van Diemen's Land after his boss, the Governor of Batavia. In 1699, William Dampier landed in New Holland. In 1770, Captain Cook on his ship Endeavour, sent to observe the transit of Venus from Tahiti, obeyed his order to "Take possession (with the consent of the natives)" of what he christened New South Wales. All this before the official date of Australia's foundation.

Successful Australians tend to settle in England, and Robyn Archer spends as much time here as there. Her *Colonial Cabaret* on Radio 3 on Sunday was a run of songs and sketches about how awful Australia was. Australia pretended to be England without the right climate; Governor-General Sir John Kerr had destroyed democracy when he sacked Prime Minister Whitlam; the royal celebrations of 1977 left out the Aboriginals; Sydney is full of gays, druggies and crooks; a White Australia is "a schizophrenic madness." The satire was about as trenchant as a leader in the Sun. "I love the place," Miss Archer concluded unexpectedly.

Radio 3 also celebrated the bicentenary on Sunday with a performance of the *Sinfonietta* by Malcolm Williamson, our Australian Master of the Queen's Music; and Penelope Thwaite spoke in Music Weekly about "Australian-ness" in Australian music.

Social politics is the flavour of the month on Radio 4, with a six-part study of the demonstrations of 1968 on Wednesdays (repeated Sundays), and a six-part inquiry by Ray Gosling into *Who Owns Britain?* on Thursdays (repeated Wednesdays). The 1968 story, *The Year of Dreams*, is fascinating by virtue of the amount of live recording of what went on, an impact on radio and television being part of the pattern of new-style revolution. Lucky they were unknown in 1917. But "There is a new wind in the land," we were warned, and the '90s may repeat the '60s.

Ray Gosling, who wears an appearance of naivety, was always courteous to the Duke of Buccleuch, and the Duke was courteous in return. The "bluebloods," as the programme calls them, are only one lot of the owners of Britain to be scrutinised, and they gave a good account of their stewardship. We shall see how the others do. Both these series are worth following in their several ways.

John Bowen's *The False Diaghilev* (Radio 4, Monday) used the same formula as the play about Apollinaire that I found so dull a little while ago, but made it interesting. Diaghilev (Robert Stephens) is lying in a fatal coma in Venice. His doctor tells the three people at his bedside that if they can keep his brain working until dawn, he may yet live. They are his secretary Boris Kochno (Michael Maloney), the dancer Serge Lifar (Douglas Hodge) and his friend Misia Sert (Barbara Leigh Hunt), so they find plenty of material in his life to keep him thinking. As we are to believe that he can hear what they say and re-enact the scenes they call up, there is almost continuous movement among the colourful ballet figures in his life, himself more colourful than any. A happy blend of fact with romance, directed, with plenty of the appropriate music, by Ian Cotterell.

B.A. Young

Book Review

About the House

THE ROYAL OPERA HOUSE IN THE TWENTIETH CENTURY
by Frances Donaldson. Weidenfeld and Nicolson: £16.95.

THAT DEAR edifice, that modestly-scaled and somehow cosy structure in Covent Garden, is the subject of Frances Donaldson's history *The Royal Opera House in the Twentieth Century* published by Weidenfeld and Nicolson at £16.95. A place of delights and sometime frustrations for audience and artists, a bit like a factory for dance and music critics, it offers myriad problems for a chronicler, and Lady Donaldson has steered a skilled course between the demands of narrative about events and the more significant matter of the aims and ideals of its directors.

The house itself, rather than its contents, is the subject. There are plenty of surveys of ballet and opera at Covent Garden in this century; it is the questions of policy and finance, the influence of Administrators, of Chairmen of the Board and artistic directors of the opera and, to a lesser extent, of the ballet troupes, that make up the meat of the book and engage the best of Lady Donaldson's attentions.

The first forty pages – about a quarter of the text – cope with the years from 1888–1945. It is what happened subsequently, when it can be argued that the Royal Opera House really entered the twentieth century as a home for its own ballet and opera companies, that makes such intriguing reading.

The balance of interest is, perhaps inevitably, weighted towards the politics of the opera. In 1946 there was no operatic ensemble, and the re-opening of the house after its war-time service as a dance hall ("No jitterbug dancing allowed" read the signs by the proscenium arch), was made possible by the existence of a secure and admirable ballet company. Ninette de Valois' Sadler's Wells Ballet was ripe for translation to the nation's grandest theatre as one of the nation's grandest artistic achievements. The ballet company has no remarkable history save its own development at Covent Garden, and this is less intimately linked with the nature of the Opera House itself than is the operatic troupe – confirming dance-lovers' longtime belief that the Royal Opera House is rightly named.

As an official history – and Lady Donaldson was invited to write the book by Sir Claus Moser, lately Chairman of the Board, and given every assistance by Sir John Tooley the house's Administrator – the book manages to avoid the expression of received pieties. The tensions between the management and such goading figures as John Christie, Sir Thomas Beecham, Walter Legge, and the character of Sir David Webster, chief executive for its post-war excellence as the first General Administrator, are well revealed. Webster's talent lay in part in his ability to ride storms, to be positively inactive: the author records that he was variously known to the board as the A.D.(for Artful Dodger) and the A.P.(for Arch Procrastinator) – but not that he was also affectionately called Aunt Kate. I am sorry that she passes over one of the most extraordinary examples of his diplomatic skills, when he secured the first visit of the Bolshoy Ballet in 1956, after the affair of the Soviet javelin-thrower Nina Ponomaryeva and some hats from C & A Modes – to the value of 32s.11d – threatened that historic visit.

The book has its heroes, chief among them Lord Drogheda, whose concern for every least detail of the Opera House's life was matched by his appreciation of its largest matters of policy. At a time when he was both Chairman of the Opera House board and Chairman of this newspaper, I record with admiration that he respected utterly the independence of his critics (however much he might at times despair of our opinions about "his" Opera House). He was the ideal Chairman at a crucial period for Covent Garden, and it was his passion for music and for the theatre itself, allied to Webster's abilities, that helped guide and inspire its personnel during the wonderful decade of the 1960s, when the earlier spade-work of the Musical Directors Karl Rankl and Rafael Kubelik so greatly aided the flowering of the opera under George Solti.

There are also villains to the story, identified as the critics. Lady Donaldson records that the Opera House board thought in February 1960 that "the present state of English music criticism is a national misfortune." The validity of this opinion when Desmond Shaw-Taylor, Philip Hope-Wallace, Andrew Porter, Harold Rosenthal, Martin Cooper, Peter Heyworth, William Mann and David Cairns, among others, were writing reviews, is more indicative of the insecurities of the theatre than of the writers' supposed lack of sympathy.

But, as always, in histories that have to take us up to the present day (and the author can even include last November's revision in the government's arts funding policy), nearer events suffer from a wood-from-the-trees lack of perspective. There seems an unjustified need to provide mention of recent stagings and personalities and, I would hazard, a lack of understanding of the achievements of the years when Kenneth MacMillan directed the Royal Ballet. The standards of performance, the qualities of artists and repertory during the MacMillan years, now seem like a golden age when faced with the later impoverishments of programming and interpretation.

It must be said, too, that the text has not been as carefully edited as one would wish. Statements such as "Ballet came to London in 1830" will make an historian cringe; Robert Helpmann did not join Dame Ninette's school as a child; there are misapprehensions about certain ballets; to state that Nureyev had the "greatest stage presence since Helpmann" and was "probably" the most talented dancer seen in London since Nijinsky, is to discount such artists as Massine, Lifar, Dolin, Babilee, Bruhn, Vasiliev, Solovyov, Baryshnikov. The indecisive use of "Mr" before men's names is careless. The illustrations are, in the main, small and unworthy.

Yet, whatever the minor blemishes, this is a history which explains, with commendable clarity, the functioning of a great opera house during a period – effectively the past 40 years – of unprecedented change and no less unprecedented problems, not least financial. The survival of such a nineteenth century creation as an opera house into the twentieth century is remarkable enough; its accommodation to a new age gives Frances Donaldson's story its fascination.

Clement Crisp

Time to look again at Whitehall farce. Michael Coveney reports

Revived by 'One for the Pot'

ONE FOR The Pot by Ray Cooney and Tony Hilton was the biggest success Brian Rix ever had in his Whitehall farce heyday of 25 years ago. A revival at the Everyman, Cheltenham, has opened this week to packed houses and an incoherently ecstatic review in the *Gloucestershire Echo*.

The title, of course, is a draw in itself. Everyone remembers it. But the time is right to take another look at these farces, to study the deep, almost atavistic, urges they arouse in an audience, and to see, quite simply, if they stand up without the team for which they were written.

Brian Rix claimed in his autobiography that *One For The Pot* is both actor-proof and director-proof. In the sense that the mechanics of the action are in good working order, and robustly assembled, he is right.

A gouty Yorkshire industrialist, Jonathan Hardcastle, is throwing a birthday ball for his daughter Cynthia. He intends to mark the occasion by signing over a large amount of money (now it is £10,000) to the last living relative of a former employee.

This framework is embellished with vengeful jokes about modern art (Cynthia's suitor is an art critic, though Nicholas Hutchison looks more like a minor advertising executive), a furtive romance between Hardcastle's spinster sister and a weasel solicitor, and the manipulative shenanigans of a deceitful, brandy-swigging butler, Jugg. The plot's motor is revved up by the arrival of the gormless painter's mate, Billy Hickory Wood (the Rix role), to claim his money, egged on by a wide-boy decorator, Charlie Barnet, and pursued by a tearful wife.

The farce of confused identity, germane to the genre, is given an original twist in that all the rival Hickory Woods are played by the one actor. For the most part, there is just flat-capped Billy and the suave Rupert, another of Cynthia's suitors. But the third act throws up an Irish conjuror and the final curtain a French claimant. At the climax of a beautifully controlled plot curve, Billy is physically repelling two of his own rival identities, one in a trunk, the other in a cupboard.

It is here that the farce takes on its eloquent *commedia* property. The characters are not profoundly written, and most of their lines, considered out of context, are feeble. But they all represent recognisable types of the period. In a curious way, the show offers a glazed, ideal view of an England poised between the post-War austerity and the swinging Sixties.

Hazel Douglas, who was in the original cast, directs proceedings with a proper immunity to such highbrow considerations. Another Rix veteran, Dennis Ramsden, is the flustered, avunculer Hardcastle, and Christine Russell, the original sister Amy, returns to the same role. Not all the casting is right. Philip Newman's Jugg is emphatically unfunny.

But in Barry Killerby, the star part finds an interpreter of talent and originality who forbids comparison with Brian Rix. Mr Killerby, who resembles a cross between the boxer Terry Downes and the goon Norman Wisdom, possesses the seraphic calm of the truly explosive farceur. His antics assume the balletic grace of a Goldoni Harlequin, with hilarious descents into the famous tango end drugged drink sequences that are among the funniest ever devised for the British stage.

The role is triumphantly reclaimed, the play competently restored to the repertoire. Perhaps we might even expect a newly "definitive" version at the National Theatre one day. I would like to see this play, and John Chapman's *Simple Spymen*, the best of their type, directed on the South Bank by Alan Ayckbourn. Meanwhile, I shall follow the local critic's advice and merely have a very good time.

Compact disc details

DETAILS about the compact discs David Murray reviewed in the Weekend FT last Saturday were inadvertently omitted, and are given below.

Bartok: the works for piano and orchestra. Zoltan Kocsis, Ivan Fischer/Budapest Festival Orchestra. Philips 416 831-2 (3 CDs).

Stravinsky: Concerto for two pianos. 8 easy pieces for piano duet. 3 movements from *Petrushka*. Katia & Marielle Labèque. Philips 420 822-2.

Beethoven: complete piano sonatas. Bernard Roberts. First six discs (of eleven): Nimbus NI 5050 to 5055.

Schubert: the last three piano sonatas, and some smaller pieces. Paul Berkowitz. Meridian CDE 84102 to 84104 (3 separate CDs).

Chess No. 708:
1 R-B2(not 1 RxN, PxR=N), P=Q; 2 RxN, Q-Q4 ch (QxR or other Q moves lose to a knight fork); 3 P-K4, Q-QR7; 4 R-QR1 QxR; 5 N-N3 ch and 6 NxQ, or here 3...Q-K4; 4 R-H1 ch and a knight fork at Q7 or Q3

WEEKEND FT

• SPORT •

The Super Bowl/Ben Wright

Redskins to lift Bronco scalps

IMAGINE YOU are an advertising executive with a generous budget that has allowed you to buy several $650,000, 30-second advertising spots during the 22nd American football Super Bowl game tomorrow between the Washington Redskins and Denver Broncos in San Diego's Jack Murphy stadium. Just when would you want your commercials to go to air?

It is a question that gives these executives nightmares, particularly in view of the one-sided nature of Super Bowls XX and XXI. In 1986 the Chicago Bears annihilated the New England Patriots 46–10, and the second half was virtually meaningless except to the Bears' most rabid fans.

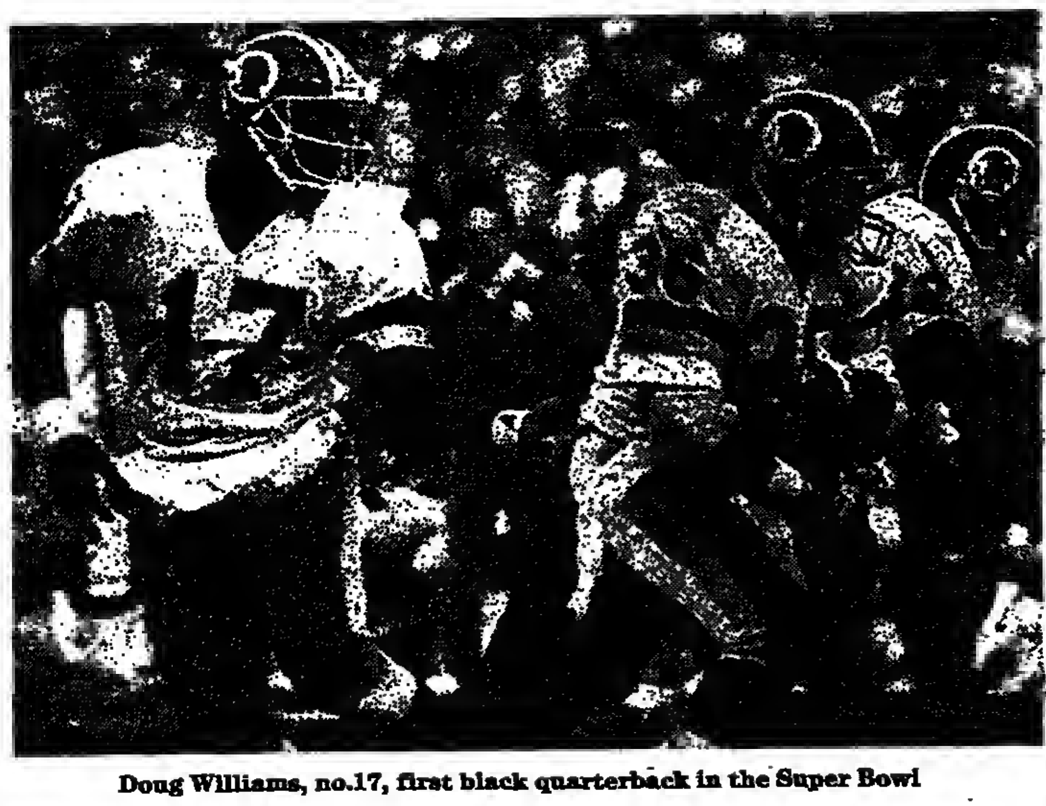
Last year the New York Giants blew away the Broncos 39–20 in a mismatch that became increasingly obvious as the game proceeded. The two previous Super Bowl finishing scores had been 38–16 and 38–9. Five of the first 21 Super Bowls were decided by a touchdown or less but the last in which the margin was under 10 points was number XVI in which San Francisco beat Cincinnati 26–21.

Some advertising men will probably hedge their bets tomorrow and opt for getting their message over early in case of another virtual walkover. I am told the wiser, more experienced executives traditionally choose to air their messages just before kick-off, just before half-time, or just before the finish.

It really matters to these big spenders because eight of the 10 most-watched American television programmes of all time have been Super Bowl games. The biggest was the 1986 version, when the nation had been captivated by the antics of the Bears' blubbery but amusing William (The Refrigerator) Perry and their controversial – and, by his own admission, crazy –quarterback, Jim McMahon.

No fewer than 127m people tuned in around the US, not to speak of American servicemen abroad. There are also growing *legions of foreign fans of this* brutal but cerebral gridiron game, a beguiling mix of ballet and chess-like moves that is captivating ever-larger world audiences.

Last year's game attracted a mere 123m watchers in the US,



Doug Williams, no.17, first black quarterback in the Super Bowl

possibly because Denver is still really a "small" provincial city. But it was amazing to walk the streets of Rome and Milan during the week before the game, as I did with a CBS film crew, and find that the people there were really knowledgeable on the make-up of both the Giants and Broncos teams.

It is probably the carefully orchestrated – if hysterical – media coverage during the fortnight before the game that has so often ruined it as a spectacle in that the more sensitive players have been almost paralysed by the enormity of the occasion. *I have spoken to several* who have admitted this happening in terms of sleepless nights caused by days of being pestered from dawn to dusk. By the time the game day arrived, they were in a fog. Perhaps the letdown *after* the *conference* finals, allied to an extra week's respite, is another contributory factor.

There is no doubt that the coach's attitude to his players can be crucial. Take Super Bowl XV in New Orleans, a city with varied after-dark attractions and temptations. The Oakland (now Los Angeles) Raiders, coached by Tom Flores who has just retired, were underdogs to the Philadelphia Eagles, coached by Dick Vermeil, now a colleague of mine at CBS.

The intense Vermeil took the serious approach, levied heavy fines on those who were late for *gruelling* team practices, and virtually imprisoned the players in their hotel near the airport. But Flores let his men out on the town. Eagles' linebacker Jerry Robinson, ironically now playing with the *lacklustre Raiders*, summed up the situation thus: "I knew we were in real trouble when I rushed back to my room for our 11 pm curfew, turned on the news, and saw half the Raiders on Bourbon Street being inter*viewed live.*"

Eagles' quarterback Ron Jaworski, who had his worst game of the season in that Super Bowl, throwing three fatal interceptions in his team's crushing 27–10 defeat, recalls a week of sleepless nights thinking, among other things, of the 100m or more people who would be watching his every move. "People told me later we had a glazed look in our eyes when we eventually ran out for the game."

Of course, the demand for tickets, and the consequent black market, is another distraction for the players who are all – *45 on each team* – allowed to buy up to 65 at a face value cost of $100. Suddenly they discover twice that many relatives, alive or dead, and hundreds more dear and close friends they haven't seen in a decade. It is hardly surprising that Super Bowls are often disappointing and one-sided.

Is this going to be another? I very much doubt it. But there is enormous pressure on the quarterbacks of both teams. Denver's John Elway is so much the spiritual leader of the Broncos that their coach, Dan Reeves, gets very angry when his team is derisively called a one-man band. But Washington's starting quarterback, Doug Williams, will feel a much greater pressure, just by being the first-ever *black quarterback* to play in the Super Bowl.

In my humble and decidedly inexpert opinion, Washington may just prevail because they are a much bigger and heavier team and, I believe, have a better defence. Every expert will tell you that Super Bowls are decided by defences, even though high scores have been run up by all the recent winners. What was plainly obvious in the American conference final was that Denver were largely defenceless in the second half against the very unfortunate Cleveland Browns, who scored 28 points on their first four possessions but had previously allowed the Broncos to get too far ahead.

Washington are also more experienced. Since coach Joe Gibbs took over in 1981 – two months before Reeves got his job in Denver – *they* have been in three Super Bowls to Denver's two. The Redskins won in 1983 and lost the following year, and they have missed the play-offs only once in the past six seasons.

It is possible to bet legally in Nevada on every bizarre and detailed aspect of the game, like naming the first player on *either side to score a touch*down, or how many field goals will be kicked by either side during the game. Name your wager and you will be accommodated in Las Vegas. At the moment, Denver are favoured to win by 3.5 points. In other words to win your bet on the Broncos they must beat Washington by at least four points "to beat the spread."

My advice, having previously misled you all comprehensively three weeks ago, is to take Washington to win and also to take the "under" rather than the "over." In plain words, the "under" means that the scores of both teams added together will total less than 47 points. The "over" means the teams would have to score 48 or more. More than $2bn will be bet on the game in Las Vegas alone, *not to speak of that wagered* illegally throughout the nation.

I believe that Gibbs, the most successful coach in the present era, will replace quarterback Williams in the closing minutes with his white substitute, Jay Schroeder, who will toss the winning touchdown pass in the dying seconds of a, for once, thrilling game.

Cricket/Jason Steger

Team of the hour

WHEN New Zealand captain Jeff Crowe emerged from his side's dressing room at the Sydney cricket ground on Sunday, after Australia's emphatic victory in the second final of the World Series Cup, he was in *little doubt about the potential* that Allan Border's world champions have in all forms of cricket.

"They can become the best team in the world," the out-of-form Crowe said. "They are really on target to becoming a very good side. All nations will now start to see their strength. There is a lot of youth in the team *and not many of the guys* have reached their peak. There's so much room for improvement there. That will come once they get more experience."

Yet only about a year ago Border's side had been thrashed by England in the Ashes Series and had failed both in the World Series and the Perth Challenge one-day competitions. Today's team give the Bicentennial Test at Sydney cricket ground a very different prospect. *The transformation* has been remarkable and started when the side clinched a consolation victory in the fifth Test in the Ashes Series at Sydney in January last year.

Border himself puts the change down to hard work and a revival of team spirit.

"We have a good compact side now and everyone's playing well. There is a tremendous team spirit and when you develop that the side becomes difficult to beat."

There is no doubt that the Australians have worked hard, training diligently under Border and coach Bobby Simpson. Their fielding has improved significantly and their throws from deep positions have been stunning in their accuracy. During the first WSC final fast bowler Craig McDermott was visibly upset when his throw from the long-on boundary forced wicketkeeper Fred Dyer to move just a few feet away from the stumps. It was the only slip on a day characterised by the speed and precision of the Aussies in the field.

They made the New Zealanders look like carthorses with their intelligent running between the wickets. Dean Jones, who topped WSC batting with an average of 57.63, and Mike Veletta, the Western Australian whose presence in the national side has been entirely responsible for interesting the Italian community in cricket, put on 107 runs off 128 balls which included a feast of lightning quick singles.

All the team seemed willing to work hard and iron out problems. Players who had reputations for being in *some* way temperamental or out of kilter with the rest of the squad – players like Tim Zoerer or Greg Richie – have been dispensed with. Commitment and consistency are the passwords; team *spirit and* success the result.

Players who have been out of form have responded to the demands. Tasmanian David Boon is a perfect example. He had a disastrous time against England last year which culminated in him losing his team place and the vice captaincy. This week his remarkable consistency with the bat has been rewarded with the International Cricketer of the Year Award, an honour that last time went to England's Chris Broad.

Gone are the days when Australia looked to Border to bail them out of any sticky situation. Indeed, of all the batsmen, his performances have perhaps been the most disappointing. But, with the new-found consistency in the side, he can afford to drop himself to number five or six in *the batting order.*

In effect, Australia bats down to number ten both in its one-day and five-day teams. Only Merv Hughes of the Test side could be described as a genuine tail ender, while McDermott's new ball partner in the one-day series, Tony Dodemaide, is a genuine all-rounder.

His impact on the side has been as extraordinary as spinner Peter Taylor's was last season when, in tandem with Peter Sleep, he bowled Australia to *victory at Sydney.*

Dodemaide came into the side for the second Test against New Zealand after both Hughes and Bruce Reid were injured. He then proceeded to rip the heart out of the Kiwis batting and scored a half century. In the World Series he finished top of the bowling averges on 16.06.

But although Australia have proved themselves masters of the one-day game, losing only three out of 18 matches played since winning the World Cup, Border acknowledged that this weekend's match provided a much sterner test.

The win in the three match series against *New Zealand* last month was Border's first series win as captain in 29 matches. But with a record of two wins and two draws out of the four tests played in 1987, Australia has the best international record in the world for 1987. England haven't won a Test since clinching the Ashes in Melbourne in December 1986. Nevertheless, the bicentennial Test and next week's day-night match at Melbourne will be as hard *fought* as any of Australia's previous matches.

The revival in Australian cricket has not been limited to the international scene. Domestically, interest in the Sheffield Shield has been stimulated by success in the sub-continent and, significantly, by the presence in the Queensland side of the irrepressible Ian Botham. *Queensland* are now four points clear at the top of the shield table and hot favourites to take their first ever title. For captain Allan Border, it would round off a remarkable season.

Marketing exercises, such as free days on Sundays at some grounds, have also helped to ensure much larger crowds to almost all shield matches.

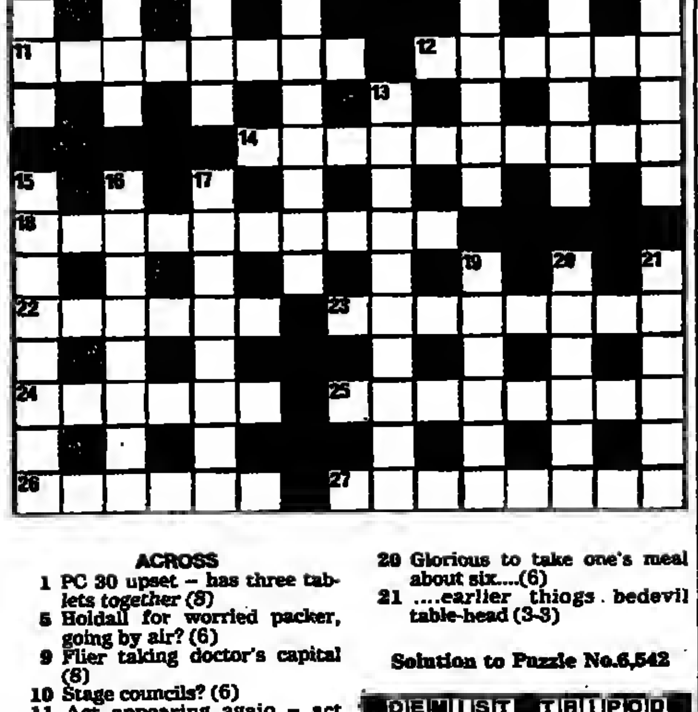
Even for the side at the bottom of the table, Tasmania, so far without a single point, spectator interest has been revived by the return to top class cricket of former Test star Dennis Lillee at 38.

With its old Test stars returning to spice up the domestic front, and its newer cricketers *making* such a big *impact* on the international side, Australia is undoubtedly the cricketing nation of the moment.

FT CROSSWORD No.6,543

SET BY OINMUTZ

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday February 10, marked Crossword 6,543 on the envelope, to the *Financial Times*, 10 Cannon Street, London EC4P 4BY. Solution on Saturday February 13.



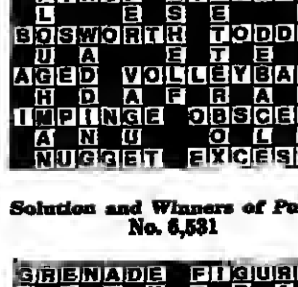
ACROSS

1 PC 30 upset – has three tab*lets together* (8)
5 Holdall for worried packer, going by air? (6)
9 Flier taking doctor's capital (8)
10 Stage councils? (6)
11 Act appearing again – act like Whittington (4,4)
12 Spacecraft pair (6)
14 Sprint that is less hairy? Rubbish! (10)
18 Wine gathering is a letdown at castle (10)
22 Theatrical states of university grounds (6)
23 Publication for the powder-room (8)
24 Cake ingredient is put in water (6)
25 Einstein worked for a decade (8)
26 Tied in bars, for example, in a lot of trouble (8)
27 Fresh home water off Cowes (8)

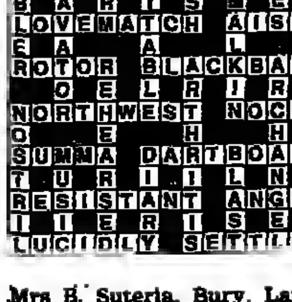
DOWN

1 Western girl has fruit eaten as vegetable (6)
2 I take ourse out, giving guarantee (6)
3 Indicators of Caligula's decisions? (6)
4 Collapsing card-castle is a handy game for kids (4-6)
6 I attempt to include some equality of measure (8)
7 *Defensive projection* is complex in the city (8)
8 What came from mantle of Victorian brilliance? (8)
13 Smashing maid to receive share – of this? (10)
15 Carpets beaten and left – *how weird!* (8)
16 Soliciting orders for battery (8)
17 Announce Bill Strange (8)
19 Watch over boy endlessly *in* belvedere (6)
20 Glorious to take one's meal about six....(6)
21 ....earlier thiogs bedevil table-head (3-3)

Solution to Puzzle No.6,542



Solution and Winners of *Puzzle* No. 6,531



Mrs B. Suteria, Bury, Lancashire; Mr F.W. Herbert, Wembley, Middlesex; Mr D. Maiden, Edinburgh; Mr P.J. Jackson, Sultanate of Oman; Mr W.M. Kerr, Parkgate, South Wirral.

TELEVISION AND RADIO

SATURDAY

†Indicates programme in black and white

BBC1

8:20 am Roobarb. 8:25 Saturday Starts Here. 8:40 Roland's Rat Race. 9:05 Kissyfur. 9:30 Going Live! 12:12 pm Weather. 12:15 Grandstand including 12:20 Football Focus; 12:50 News; 1:00 Racing from Cheltenham; 1:45 Cricket (Australia v England in the Bicentennial Test); 2:10 Racing from Cheltenham; 2:20 Bobsleighing from St Moritz; 2:25 Skiing from Chamonix; 2:45 Boxing (Dave Garside v Derek Williams); 3:00 Rugby League (Wigan v Bradford Northern in the Silk Cut Challenge Cup); 3:50 Half Times; 4:00 Snooker (first semi-final in the Benson and Hedges Masters); 4:30 Rugby Union (round-up); 4:40 Final Score.

5:05 News. 5:15 Regional Programmes. 5:20 Rolf Harris Cartoon Time. 5:45 Jim'll Fix It. 6:20 Hi-De-Hi. 6:55 Bob's Full House. 7:30 The Paul Daniels Magic Show. 8:15 Bergerac. 9:10 News and Sport. 9:25 Snooker (semi-final of the Benson and Hedges Masters). 10:10 Carrott Confidential. 10:45 Match of the Day (highlights from today's FA Cup fourth-round games). 11:45 Cricket: The Bicentennial Test (highlights of the second day's play). 12:10 am Snooker (further coverage).

BBC2

11:10 am Open University. 1:20 Network East. 2:10 Film: "Singin' in the Rain" starring Gene Kelly and Donald O'Connor with Debbie Reynolds. 3:50 Popeye Classics. 4:00 Micro File Animation Special. 4:40 Snooker (semi-final of the Benson and Hedges Masters). 5:40 Espana Viva. 6:05 The Week in The Lords. 6:45 Newsview. 7:25 The SDP Decides (a 'Newsnight' special from Sheffield). 7:55 The Human Voice. 8:10 Tutti Frutti. 10:10 The Film Club. 10:13-12:35 am Film: "The Army in the Shadows" starring Lino Ventura and Simone Signoret.

LONDON

6:00 am TV-am Breakfast Programme. 9:25 TT3. 11:00 Terrahawks. 11:30 The Roxy. 12:00 pm The Fall Guy. 1:00 News. 1:05 LWT News followed by Saint & Greavsie. 1:35 Athletics (the McVities World Cross-Country Trials). 2:45 "Zorro" starring Alain Delon and Stanley Baker. 4:45 Results Service. 5:05 News. 5:05 LWT News followed by Walt Disney Presents.

6:20 Blockbusters. 6:50 The A-Team. 6:45 Catchphrase. 7:15 "Octopussy" starring Roger Moore, Maud Adams and Louis Jourdan. 9:40 News and Sport. 9:55 LWT Weather. 10:00 Aspel & Company. 10:45 The World According to Smith & Jones with Mel Smith and Griff Rhys Jones. 11:15 "Suddenly Last Summer" starring Elizabeth Taylor with Katharine Hepburn and Montgomery Clift. 1:00-4:00 am Night Network.

CHANNEL 4

9:25 am Old Country. 9:55 4 What It's Worth. 10:25 The Writing on The Wall. 11:35 Dancin' Days. 12:30 pm Express WU. 1:00 Exercise. 1:05 Channel 4 Racing from Doncaster. †3:10 "Flesh and Fantasy" starring Charles Boyer, Edward G Robinson, Barbara Stanwyck and Thomas Mitchell. 4:50 The Pirate Ship. 5:05 Brookside Omnibus. 6:00 Right To Reply. 6:30 Scottish Eye. 7:00 News Summary followed by Seven Days. 7:30 Royalty. 8:30 Amen. 9:00 South Riding. 10:05 Black Forest Clinic. 10:50 Late Night With David Letterman. 11:40 Barney Miller. 12:15 am "The Silent Flute". †2:00 "Two Men and a Wardrobe".

S4C WALES

10:05 am Years Ahead. 10:45 What The Papers Say. 11:00 Mavis On 4. †11:30 Time To Remember. 12:00 pm Scotland's Story. †12:30 Film: Scales of Justice. 1:05 Racing from Doncaster. †3:00 "The Picture of Dorian Gray" starring Hurd Hatfield, George Sanders and Donna Reed. 5:00 Galapagos. 6:00 Right To Reply. 6:30 An Idea of Europe. 7:00 Citizen 2000. 7:30 Newyddion. 7:50 Gorsuon Yr Wyl. 8:25 Awyr Las. 9:25 Y Mass Chwarae. 10:20 The Golden Girls. 10:50 Late Night with David Letterman. 11:40 Barney Miller. †12:05 am Film: "The Silent Flute". †2:00 "Two Men and A Wardrobe".

IBA Regions as London except at the following times:

ANGLIA

12:00 pm America's Top Ten. 12:30 Easy Street. 1:05 Anglia News. 5:05 pm Anglia News, Sport and Weather.

BORDER

12:00 pm Curling.

CENTRAL

11:00 am Film: "The Amazing Mr Blunden" starring Laurence Naismith, Diana Dors, James Villiers and Lynne Frederick. 12:30 pm Mickey Mouse. 1:20 am Prisoner: Cell Block H. 2:15 The Twilight Zone. 3:10 Rock on Central. 4:10 Central News followed by Central Jobfinder '88.

CHANNEL

11:30 am The Greatest American Hero. 12:30 pm Survival of The Fittest. 12:58 Today's Weather.

GRAMPIAN

12:00 pm Curling. 12:55 Home Cookery Club. 1:10 am Reflections.

GRANADA

11:55 am Cartoon. 12:05 pm Streethawk. 1:20 am Hunter. 2:15 America's Top Ten.

HTV

12:00 pm A.L.F. 12:30 America's Top Ten. 11:15 Soccer (highlights from one of today's West Country football matches). †12:10 am "Suddenly Last Summer" starring Elizabeth Taylor. HTV Wales: Same as HTV West except – 11:15-12:10 am Club Rugby (Bridgend v Gloucester).

SCOTTISH

11:30 am America's Top Ten. 12:00 pm Curling. 1:30 am Late Call.

TSW

11:30 am The Greatest American Hero. 12:25 pm Gus Honeybun's Magic Birthdays. 12:30 The South West Week. 2:45 Gardens For All. 3:15 "Checkpoint" starring Stanley Baker and Anthony Steel. 5:05 Newsport. 5:10 Walt Disney Presents. 1:20 am Postscript.

TVS

11:30 am Greatest American Hero. 12:30 pm Survival of The Fittest.

TYNE TEES

11:30 am "Blondie Brings Up A Baby" starring Penny Singleton and Arthur Lake. 2:45 pm Darts Final. 3:20 "High Risk" starring Victor Buono, Joseph Sirola and Don Stroud. 1:20 am Poetry Of The People. 1:50 Jobfinder.

ULSTER

11:30 am Feature Film: "Fort Worth" starring Randolph Scott. 1:03 Ulster Newstime. 4:55 Sports Result. 5:03 Ulster Newstime. 9:57 Ulster Newstime. 11:15 Magnum. 12:10 am Newhart. 12:35 Ulster Newstime.

YORKSHIRE

11:30 am Small Wonder. 12:00 pm The Man From U.N.C.L.E. 1:20 am Appointment With Fear: "Dracula Has Risen From The Grave" starring Christopher Lee. 3:00 Jobfinder.

RADIO

Stereo on VHF.

BBC RADIO 2

8:05 am David Jacobs. 9:00 Sounds Of The 60s. 10:00 Anne Robinson. 12:00 Gerald Harper. 1:00 pm Inman and Friends. 1:30 Sport On 2 including Football, Cricket (Australia v England in the Bicentennial Test), Racing from Cheltenham, Rugby League (Wigan v Bradford in the Silk Cut Challenge Cup); 5:00 Sports Report. 6:00 The Press Gang. 6:30 Juke-Box Saturday Night. 7:00 Beat The Record. 7:30 The Best of Broadway. 9:30 String Sound. 10:05 Martin Kelner. 12:05 am Night Owls with Dave Gelly. 1:00 Bill Rennells presents 'Nightride'. 3:00-4:00 A Little Night Music.

BBC RADIO 3

7:00 am Morning Concert. 8:00 News. 8:05 Music for Two Pianos. 9:15 The Week on 3. 9:30 Saturday Review. 1:00 pm News. 1:05 Talking Issue. 1:30 Endellion String Quartet: Beethoven (Op18 No3), Mozart (K465, 'Dissonance'); 2:25 Interval Reading; 2:30 Brahms (Sextet No1, with James Clark, violin, and Shuna Wilson, cello). 3:15 From the Proms '87: BBC Symphony Orchestra with Felicity Lott (soprano): Mozart (Symphony No29), Ravel (Shéhérazade), Stravinsky (Petrushka). 4:20 Bax: Nonet, played by the Nash Ensemble. 5:00 Jazz Record Requests. 5:45 Critics' Forum. 6:35 Paul Crossley plays Beethoven's Sonata in G Op79 and Tippett's third sonata. 7:30 Philharmonia Orchestra from the Royal Festival Hall, with the Philharmonia Chorus and Alfreda Hodgson (contralto), part 1: Glinka (overture: Ruslan and Ludmilla), Tchaikovsky (Symphony No1). 8:25 Feature dramatising Eisenstein and Prokofiev's collaboration on the film 'Alexander Nevsky'. 8:45 Concert, part 2: Prokofiev (Cantata: Alexander Nevsky). 9:30 New and Pleasant Lessons: Colin Tilney (virginal) plays music from two Restoration publications, 'Musick's Hand-Maid' and 'Melothesia'. 10:05 Heaven Fashioned Us (Story). 10:10 Camden Jazz Festival: Gavin Bryars and Charlie Haden at the 1987 festival in a concert of music by themselves and Ornette Coleman, including 11:05 Gavin Bryars in conversation with Charles Fox. 12:00-12:05 am News. 12:05-6:55 am Test Match Special: Australia v England – third day of the bicentennial match in Sydney.

BBC RADIO 4

7:00 am Today. 9:00 News. 9:05 Sport On 4. 9:30 Breakaway. 10:00 News; Loose Ends hosted by Ned Sherrin. 11:00 News; The Week In Westminster. 11:30 From Our Own Correspondent. 12:00 Money Box. 12:25 pm Best of British. 12:55 Weather. 1:00 News. 1:10 Any Questions? 1:55 Shipping Forecast. 2:00 News; Second Edition. 3:00 News; The False Diaghilev (s). 4:30 Science Now. 5:00 Carvel in Conversation (Robert Carvel talks to Edward Heath, Prime Minister from 1970-74). 5:25 Week Ending. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News, including Sports Round-Up.

6:25 Citizens (s). 7:10 Stop The Week with Robert Robinson (s). 7:45 Saturday Night Theatre (s). 9:15 Music in Mind (s). 9:50 Ten To Ten (s). 9:58 Weather. 10:00 News. 10:15 The Saturday Feature. 10:45 Writers on Blue Paper. 11:00 The Big Fun Show (s). 11:30 Whose Line is it Anyway? (s). 12:00-12:15 am News; Weather.

SUNDAY

†Indicates programme in black and white

BBC1

8:55 am Play School. 9:15 Umbrella. 9:30 This Is The Day. 10:00 What on Earth? 10:25 Recovery. 10:50 Telejournal. 11:20 A Vous La France! 11:45 Espana Viva. 12:10 pm See Hear. 12:35 Farming. 12:58 Weather for farmers. 1:00 This Week, Next Week. 2:00 EastEnders. 3:00 Snooker (final of the Benson and Hedges Masters). Match of the Day Live.

4:35 The Royal Bond. 5:05 Fax. 5:30 Antiques Roadshow. 6:15 In The Know. 6:25 News. 6:40 Songs Of Praise. 7:15 All Creatures Great and Small. 8:10 Whicker's World. 9:00 News. 9:15 That's Life! 10:00 Snooker (final of the Benson and Hedges Masters). 10:30 *Everyman*. 11:20 Snooker (final frames of the Benson and Hedges Masters). 12:15 am Network East.

BBC2

9:30 am Now On Two. 9:50 Whirleybirds. 10:15 The Charlie Brown and Snoopy Show. 10:35 Now It's You. 10:40 Blue Peter Omnibus. 11:30 White Peak Farm. 12:00 Windmill. 1:00 pm Wacky Races. 1:10 Horizon. 2:00 Rugby Special. †3:00 Film: "Back Street" starring Charles Boyer and Margaret Sullavan. 4:25 Cartoon. 4:30 Music In Camera. 5:05 Review. 5:45 Ski Sunday. 6:25 Weather to Ski? 6:30 The Money Programme. 7:15 Eyes on the Prize. 8:10 Sports Archive. 9:00 Did You See...? 9:55 Design Classics. 10:00 Screen Two: Stanley. 11:35-12:05 am Cricket: The Bicentennial Test: Australia v England (highlights of the third day's play).

LONDON

6:00 am TV-am Breakfast Programme. 8:25 Wake Up London. 9:35 Fraggle Rock. *10:00 TT3. 10:30 The Adventures of Black* Beauty. 11:00 Morning Worship. 12:00 Weekend World. 1:00 pm LWT News. 1:05 Police 5. 1:10 Link. 1:30 The Smurfs. 1:45 My Little Pony. 2:00 Encounter. 2:30 The Big Match Live: Aston Villa v Liverpool (FA Cup 4th Round). 4:30 The Return of the Antelope. 5:00 Disney Family Movie: "Help Wanted: Kids (Part 1). 6:00 The Prince and Princess of Wales in Australia. 6:30 News. 6:35 LWT News. 6:40 Highway. 7:15 Surprise Surprise. 8:15 Wish Me Luck. 9:15 News. 9:25 LWT News. 9:30 Small World. 10:30 The South Bank Show. 11:30 O C Follies. 12:00 am Australia 200. 1:00-3:05 Night Network.

CHANNEL 4

9:25 am Movie Mahal. 10:00 The World This Week. 11:00 Pob's Programme. 11:30 The Waltons. 12:30 pm A.P.B. 1:30 Opera on Four: Wozzeck. 3:20 Princess and the Pig Boy. 3:30 "Tales of Beatrix Potter". 6:10 News Summary. 6:15 The Business Programme. 6:00 International Volleyball. 7:15 Galapagos. 8:15 The Stocks and Shares Show. 8:45 The Modern World: Ten Great Writers. †8:50 "Les Mistons" starring Bernadette Lafont and Gerard Blain. 10:10 Cheers. 10:45 Super Bowl XXII.

S4C WALES

9:00 am Hafoc. 10:00 The World This Week. 11:00 7 Days. 11:30 The Waltons. 12:30 pm The Wine Programme. 1:00 Arwyddion Plyrdd. 1:30 Opera on 4: "The Return of Ulysses". 4:55 Fríeze on Four. 5:15 The Business Programme.

6:00 International Volleyball. 7:15 Wil Cwac Cwac. 7:20 Newyddion. 7:30 Rhaglen Hywel Gwynfryn. 8:10 Pobol Y Cwm. 8:40 Dechrau Canu, Dechrau Canmol. 9:10 Hel Straeon. 9:40 St Elsewhere. 10:45 Superbowl '88.

IBA Regions as London except at the following times:

ANGLIA

1:00 pm Link. 1:15 Slotscope Bygones. 1:20 Anglia News. 1:25 Weather Trends. 1:30 Farming Diary. 6:00 Bullseye. 6:35 Anglia News. 11:30 *Royal Tour: The Prince* and Princess in Australia.

BORDER

1:00 pm Farming Outlook. 1:30 Border News. 1:35 Cartoon Time. 1:45 Link. 5:00 Film: "Help Wanted: Kids". 11:30 Scrumdown.

CENTRAL

1:00 pm Central News. 1:05 Central Post. 1:30 *Royal Tour: The Prince and Princess in* Australia. 5:00 Highway To Heaven. 6:00 Bullseye. 6:35 Central News. 11:30 Prisoner Cell Block H. 12:25 am Donahue. 1:20 Thriller Classic: "The Third Secret" starring Stephen Boyd, Jack Hawkins and Richard Attenborough. 3:10 Central News followed by Central Jobfinder.

Erica Sail, 13, from Exeter makes her tv debut in Return of the Antelope, ITV, tomorrow, at 4.30pm

CHANNEL

9:25 am Today's Weather. 9:28 Starting Point. 1:00 pm Link. 1:15 Les Francais Chez-Vous. 1:30 Farm Focus.

GRAMPIAN

1:00 pm Farming Outlook. 1:30 Cartoon Time. 1:40 Link. 2:30 Survival. 3:00 Bullseye. 3:30 Royal Tour: The Prince and Princess in Australia. 4:00 Grampian Sheepdog Trials. 5:00 Scotsport. 11:30 Scrumdown. 12:30 am Reflections.

GRANADA

1:00 pm Members Only. 1:05 This is Your Right. 1:35 Aap Kaa Hak. 1:40 Link. 5:00 Highway To Heaven. 11:30 RI, Action – Scrumdown.

HTV

1:00 pm West Country Farming followed by Weather for Farmers. 1:30 Cartoon Time. 1:45 Link. 5:00 Highway To Heaven. 6:35 HTV News. 11:30 America's Top Ten. 12:00 am Worlds Beyond.

SCOTTISH

1:00 pm The Glen Michael Cavalcade. 1:40 Link. 2:00 Chapter and Verse. 2:30 Film: "Help Wanted: Kids". 3:30 Royal Tour: The Prince and Princess in Australia. 4:00 Bullseye. 5:00 Scotsport. 11:30 Late Call. 11:35 Indoor Bowling.

TSW

1:00 pm Farming News. 1:30 Postscript Diary. 1:40 Link followed by South West Link. 6:35 TSW News. 11:30 Kojak. 12:25 am Postscript Postbag.

TVS

1:00 pm TVS News. 1:05 Link. 1:30 Action! 1:30 Farm Focus. 1:57 TVS Weather.

TYNE TEES

1:00 pm Farming Outlook. 1:30 Smurfs. 1:40 Link. 5:00 The Duck Factory. 5:30 Northern Life – Sunday Edition. 11:30 Nine To Five. 12:00 am Northern Opera Sing. 12:10 Jobfinder.

ULSTER

12:55 pm Ulster Newstime. 1:00 Ask Anne. 1:15 Link. 1:30 Farming Ulster. 1:58 Farming Weather. 6:35 Ulster Newstime. 9:27 Ulster Newstime. 11:30 Mary. 12:00 am Sports Results. 12:05 Ulster Newstime.

YORKSHIRE

1:00 pm Cartoon Time. 1:25 Farming Diary followed by Farming Weather and Inshore Weather. 11:30 Scrumdown. 12:30 am Five Minutes. 12:35 Jobfinder. Stereo on VHF

BBC RADIO 2

7:30 am Roger Royle says 'Good Morning Sunday'. 9:05 Melodies For You. 11:00 Desmond Carrington. 2:00 pm Benny Green. 3:00 Alan Dell. 4:00 Lorna Dallas – My Serenade. 4:30 Sing Something Simple. 5:00 Charlie Chester. 7:00 The Good Human Guide. 7:30 Operetta Nights. 8:30 Sunday Half-Hour. 9:00 Your Hundred Best Tunes. 10:05 Songs from the Shows. 10:45 Howard Blake at the piano. 11:00 Peter Clayton with 'Sounds of Jazz'. 1:00 am Bill Rennells presents 'Nightride'. 3:00-4:00 A Little Night Music.

BBC RADIO 3

7:00 am A Recorder Virtuoso. 7:30 News. 7:35 Schnabel's Beethoven Concertos. 8:30 News. 8:35 Your Concert Choice. 10:30 Music Weekly. 11:15 BBC Philharmonic Orchestra with Sheila Armstrong (soprano): McCabe (Notturni ed Alba), Rachmaninov (Symphonic Dances). 12:15 pm Words. 12:20 Guarneri Quartet: Beethoven (Op18 No4), Sibelius (Voces intimae). 1:20 Writers Talking (Anita Brookner in conversation with Paul Bailey). 1:45 "L'Elisir D'Amore": Donizetti's opera with Antonella Bandelli as Gianetta, broadcast on the bicentenary of the birth of the librettist Felice Romani (sung in Italian) Act 1. 2:55 Love and Haste. 3:00 "L'Elisir D'Amore", Act 2. 4:05 Joaquin Achucarro (piano) at the 1987 City of London Festival: Falla and Ravel. 6:15 In Search of Lucian Freud. 7:00 A Most Delightful Art. 7:30 London Symphony Orchestra with Yo-Yo Ma (cello), from the Barbican Hall. Part 1: Robert Saxton (In the Beginning), Walton (cello concerto). 8:30 Dear Chiquesse: On the centenary of the death of Edward Lear, John Wells reads a selection of his letters. 8:50 Concert, part 2: Vaughan Williams (Symphony No5). 9:55 American Piano Music played by Jeffrey Jacob: Persichetti (Sonata No12, 'Mirror'), Crumb (Gnomic Variations), Barber (Sonata). 10:30 Choral Evensong. 11:30 An Investigation of the Lute. 12:00-12:05 am News. 12:05-6:55 am Test Match Special: Australia v England – fourth day of the Bicentennial match in Sydney.

BBC RADIO 4

7:00 am News. 7:10 Sunday Papers. 7:15 The Local Network. 7:40 Sunday. 8:50 The Week's Good Cause. 8:55 Weather. 9:00 News. 9:10 Sunday Papers. 9:15 Letter from America. 9:30 Morning Service. 10:15 The Archers. 11:15 News Stand. 11:30 Pick of the Week (s). 12:15 pm Desert Island Discs (s). 12:55 Weather. 1:00 The World This Weekend. 1:55 Shipping Forecast. 2:00 Gardener's Question Time. 2:30 Australia. 3:30 Origins. 4:00 News; Into the Light. 4:47 Timpson's England. 5:00 News; Down Your Way. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News.

6:15 Feedback (Christopher Dunkley airs comments about BBC programmes and policies. 6:30 International Assignment. 7:00 News; The *Maestro* (s). 7:30 Fear on 4 (s). 8:00 Bookshelf. 8:30 The Mind of a Woman. 9:00 News; Caribbean Drift. 9:15 The Natural History Program. 9:59 Weather. 10:00 News. 10:15 The Year of Dreams. 11:00 In Committee. 11:30 Seeds of Faith (s). 12:00-12:15 am News; Weather.

UK COMPANY NEWS

US losses prompt 22.5% decline at John Menzies

By Maggie Urry

LOSSES IN its US business led John Menzies, the retail and wholesale group, to sustain a 22.5 per cent drop in pre-tax profits in the half year to end-October.

On sales up 13 per cent to £410m, pre-tax profits fell from £4m to £3.1m. Earnings per share were down 45 per cent at 2p.

Mr John Menzies, chairman, warned last September that first half profits would be flat but the market had not expected the downturn and the shares fell 17p to close at 316p.

However, Mr Menzies said that Christmas sales had matched forecasts and he foresaw "an acceptable result at the year end".

The group has changed its year end to April, and most of group profits are made in the second half.

Trading losses from the US, where the group has a chain of 91 Early Learning Centre shops selling educational children's goods, increased from £2.1m to £3.2m.

Mr Ranald Noel-Paton, managing director, said sales volumes were too low and a number of options were currently being rovlewed.

In the UK trading profits rose from £7.6m to £7.9m. Trading conditions in retailing were difficult, said Mr Noel-Paton: the hot summer weather had held back sales growth and the train strikes, which affacted the group's station bookstalls, had cost £100,000 a day in lost sales.

Nonetheless the John Menzies chain had increased sales hy 6.5 per cent on a like-for-like basis and the Hammicks bookshops saw sales up 12 per cent. Sales of the UK Early Learning Centres had been 20 per cent higher.

The newspaper and magazina wholesale business had now settled down after the shake np of two years ago, although margins are lower.

Mr Noel-Paton said there had been a big increase in sales of the record, CD and video wholesaling business following the purchase of Wynd Up early in 1989.

The office supplies wholesale business had grown satisfactorily, and the group had formed a joint venture with Reliable Corporation of the US to expand in the mail order office supplies field in the UK and Europe.

The intarim dividend is raised from 3p to 3.25p.

● COMMENT

The sorry saga of the US Early Learning Centres seems unending, and it may be some time yet before it either comes right or is stopped, especially as the US retail scene is now gloomy. Menzies is convinced that the formula should work – as it does in the UK – but unfortunately the customers have yet to feel the same. Meanwhile, the UK end is suffering from the same economic misery as other retailers, though at least selling hooks and newspapers is less affected than most areas. In all the group may produce profits of £27m or so for the year. There is no comparative figure to work on, though in the 52 weeks to end January 1989 the group made £28.1m. A prospective p/e of 11.3 is not attractive.

Dewey Warren tops £11m

DEWEY WARREN, the financial services group, showed a substantial lift from £4.06m to £11.1m in pre-tax profits for 1989.

That included £2.54m exceptional credit from the sale of the investment in Morgan Grenfell. The operating profit took in £2.36m on the disposal of other investments.

In November the company announced the proposed acquisition of certain interests of Robert Fraser should not proceed, and extraordinary costs of £1.28m have been charged.

It was also decided that ways would be sought to maximise the company's potential for shareholdera, inclnding seeking an offer. A number of companies had shown interest and discussions were continning.

Tnrnover advanced to £22.82m (£8.29m). Interest soared to £10.06m (£18,000).

Last February the group acquired Argyle Trust, whose major operating subsidiary is a second mortgage lender, at a cost of £28.49m.

The market for second mortgage finance was currently less buoyant because of high interest rates. The directors expected the situation to improve, however, and there was reason to expect the business and profitahility of Argyle to accelerate in 1990.

A survival plan which backfired

Clay Harris looks at the changing fortunes of Southwest Resources

SOUTHWEST Resources, once Mr Max Lewinsohn's other company, this week steps in to share the spotlight with Dominion International Group, the financial services and property concern in the hands of court-appointed administrators.

Tomorrow, Southwest will announce results for the six months to September 30, the first figures to reflect its diversification from oil and gas into Hong Hong property management in the waning days of Mr Lewinsohn's regime.

Mr Lewinsohn was last August ousted as chairman less than a fortnight after his forced departure from Dominion, Southwest's largest shareholder at the time. He left Sonthwest after receiving a unanimous written notice to quit from fellow directors who rejected his contention that his position on the board was not tied to his role at Dominion.

Sonthwest bears little resemblance to the company which reported a £389,000 loss before tax at the interim stage in 1988-89, a deficit which deepened to £11m for the full year. Even Southwest's stockhroker has not forecast a result for tomorrow, and attention will focus less on the figures than on the board's signals about the group's future direction.

Last summer Southwest narrowly escaped a fate similar to Dominion's. "We were insolvent and there was a danger of hankruptcy," Mr Kenneth Keep, managing director, said.

Snrvival wss achieved throngh a three-part plan organised hy Mr Lewinsohn. The company agreed to huy Dominion's Hong Kong-based Guardian Property Management for £6.8m in shares and asked shareholders for £10.4m through a five-for-two rights issue at 8p. The third element was a £20.9m capital reduction.

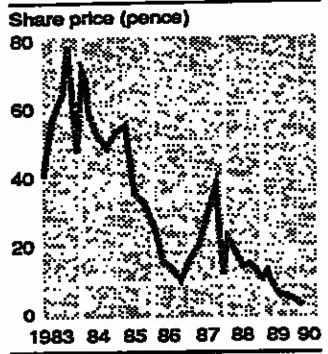
Together, the moves were intended to offset tha cost of writing down Southwest's US oil and gas reserves. In its 1988-89 accounts, the balance sheet showed net assets of only 1.4p per share but a pro forma post-rights figure of 4.2p.

The shares-out, cash-in combination resembles what Mr Lewinsohn later tried at Dominion: the sale of Film Finances, the film production guarantor, for cash and the acquisition of York Associates, a US mortgage services company, for paper.

Mr Lewinsohn's insistence that Dominion could have been saved if the plan had not been dropped after his departure is contested by Dominion's new management.

One question which remains is how could the Guardian deal have been in the interests both of Dominion and Southwest shareholders? "It was a delicate balance," says Mr Keep.

Southwest Resources



The transaction was opportunistic, he admits. "We knew that it [Guardian] was cash positive, generating small profits and available for sale entirely for shares." But Mr Keep insists that Southwest paid a "fullish" price and notes Dominion took out a £1.5m cash dividend before the sale.

What is certain is that the deal backfired badly on Dominion. It had cut its Southwest stake from 65 per cent in 1983 to 19.6 per cent last May.

In addition to accepting shares for Guardian, Dominion agreed to take up its proportion of the rights issue and to underwrite the rest. When other shareholders shnnned the cash call, its stake soar to 45 per cent, or 120m shares.

The flop sent Southwest shares lower, a trend which worsened when Dominion became a forced seller.

In Septemher, nnder pressure from its bankers to raise cash, Dominion sold 80m shares at only 3.4p each to Mr Clive Mattock, executive deputy chairman of UTC, the corporate finance house, the family trusts of Mr Nigel Wray, the tipsheet publisher and clients of UTC Securities.

In November, Dominion sold another 20m shares at 4p to institutional clients of Williams de Broe, broker to both companies, leaving it with 20m shares, a 7.4 per cent stake.

Mr Lewinsohn yesterday noted he had raised £2m for Dominion hy selling Southwest shares at 8p at the end of July and said he hed received several firm offers from several parties to huy additional shares for between 6p and 7p.

Personally he retains only 13,542 Southwest shares, against the 1m he bolds in Dominion.

Southwest bas been responsible for most of the £12m which Dominion has written off against its natural resources interests in recent years. However Mr Keep suggests that the Guardian deal was "a drop in the ocean" in terms of determining Dominion's fate.

More O'Ferrall expands in Belgium via £5.9m deal

By David Owen

MORE O'FERRALL, the outdoor advertising contractor, is set to become the largest force in the Belgian market with the purchase of two local husinesses for BFr338m (£5.85m) cash.

The London-based group has entered into a conditional agreement to acquire both the Visibility Group, which owns and leases outdoor advertising sites throughout Belgium, and a division of SA Madou Extension which provides postering, maintenance and building services for Visibility sites.

The deal promises virtually to donhle More O'Ferrall's share of the Belgian market to almost 25 per cent and to raise to a little below 20 per cent the proportion of overall gronp turnover derived from Belgium.

"It is an area we have always wanted to expand in but have been limited by the number of new-site opportunities," said Mr Trevor Maund, finance director.

On a less positive note, the transaction will raise the company's gearing to approximately 120 per cent. "We had an acquisition opportunity and had to move quickly in competition with other huyers offering cash," Mr Maund explained.

Profits from the acquired companies are expected to cover the related interest charges.

On completion of the deal, Mr Robert Arckens, Visibility founder, and other family members will resign from the company.

Mr Roger Parisel, manager responsible for More O'Ferrall's Belgian operations, will be appointed managing director of Visibility.

The conditional agreement provides for both BFr30m of assets and investments and BFr14m of net amounts owed from Mr Arckens and associates to be exchanged for cash prior to completion. This is expected to eliminate Visibility's borrowings as at June 30 1989.

As at December 31, Visibility owned or leased more than 1,000 20 sq m roadside advertising sites and 29,300 2 and 4 sq m sites chiefly in shopping areas. In the year ended June 30 1988, the group made pre-tax profits of BFr29.3m on turnover of BFr284m. Net assets at June 30 1989 were BFr68m.

More O'Ferrall shares were unchanged at 418p.

Brandon ahead to £0.58m

BRANDON HIRE, the Bristol-hased plant hire company which came to the USM in September, reported pre-tax profits of £578,000 for the six months to October 31, an improvement of 15 per cent on the £503,000 for the corresponding period.

Mr Brian Nathan, chairman, said that after an excellent start for the tool hire division, increased pressure from interest rates on customers led to somewhat lower demand for the second half of the six month period. The catering and furniture hire division, however, continued to make encouraging progress and increased its share of gronp turnover.

Turnover showed a gain of 39 per cent from £1.99m to £2.77m. Interest payable donhled from £51,000 to £107,000 while tax took £202,000 (£176,000) leaving earnings of 4.6p (4.22p) per share. There is an interim dividend of 1.11p.

Sun Life personal pension premiums advance sharply

By Eric Short, Pensions Correspondent

SUN LIFE Gronp last year consolidated its position as a significant force in the UK pensions sector, writing its 5,000th Suntrust Plan (a self-administered director pension plan).

On all money purchase pension arrangements, including the new style personal pensions, new annual premiums rose some 8 per cent from £47.6m to £51.6m and single premiums donbled from £101.2m to £201.3m, including £45m in respect of arrangements used to contract-out of the State Earnings-Related Pension Scheme.

Within this figure, personal pensions themselves accounted for a 48 per cent rise in annual premiums from £8.8m to £13m and a jump in single premiums from £29m to £100.2m.

Life business written by the group in 1989 was dull by comparison.

New single premiums fell nearly 10 per cent from £23.9m to £22m, while single premiums rosa by a fifth from £219.5m to £267.5m, boosted by a 30 per cent jump in single premium bonds to £219.5m.

Unit trust sales dropped by one third from £51.2m to £33.4m, offset by £13.4m of premium on the newly-launched Personal Equity Plan and a jump from £7.6m to £16.5m on contrihutions to its Business Expansion Schemes.

TR Trustees net assets rise

At the interim stage net asset value of TR Trustees Corporation stood at 175p, np from 147.2p a year earlier.

For tha six months to November 30 earnings par share moved ahead from 1.73p to 2.2p. The interim dividend is increased from 1.2p to 1.5p, and a maintained final of 1.8p is forecast.

Total revenue was £7.5m (£6.4m), including franked income of £6.07m (£5.08m) and investment income of £1.08m (£901,000). Tha taxable outcome worked through at £5.56m (£4.27m).

Delaney sale

Delaney Group has contracted to sell its newly huilt freehold factory in Fleckney, Leicestershire. The cash proceeds of £625,000 will be used to repay the bridging finance.

MANAGEMENT: The Growing Business

European juggling act

Which joint venture, with whom and where? Charles Batchelor follows Labelking's progress

Labelking, a South London printer of adhesive labels for tha food industry, is attempting to break into export markets. Chris King, founder and managing director of the 18-year old company, plans to establish a joint venture on the continent with e *French label printer, Société* d'Etiquetage d'Impression et de Conditionnement (SEIC). Labelking and SEIC are similar in size. The British company employs 42 people and has salee of £5m while SEIC employs 38 and hae turnover of FFr50m (£5.2m). They are considering two possibilities: linking up with a Portuguese label printer to establish e low-*cost base for printing labels for sale through*out Europe end a joint-venture in Belgium with e Belgien partner to print computer labels.

After a slow start, Chris King's plans to hreak into continental markets are beginning to take shepe; a series of meetings has taken place over the past two months with his French and Belgian partners.

But when his early morning flight to Paris is "stacked" over the French capital in thick January fog, the frustrations of putting together a cross-horder deal become only too apparent. The 10-minute wait stretches to 25 minutes before the aircraft is finally allowed to land.

Despite continued fog on the ground, traffic on the Paris ring road is fairly light and King's taxi *makes good time to* SEIC's factory on a modern industrial estate 30 kilometres south-west of the capital.

King has taken Ben Neale, a husiness studies student et Middlesex Polytechnic on six months secondment with Lahelking, with him to the dey-long meeting. Neale speaks French and has been closely involved in helping King prepare for his Continental expansion. The two have come to France to discuss the outcome of a joint three-day trip to Portugal at the end of November to meet potential Portuguese partners and the progress of the plan for the computer label venture in Belgium.

On the French side at the meeting are Gilbert Boveroux and Daniel Riss, joint founders of SEIC; and Gérard Douzou, manager of an associated printing company based in Rouen.

In eddition, there is Roland Cuvelier, ecting maneging director of Turbel, the Belgian partner in the deal, who has driven down from Brussels that morning. Turbel is a label and stetionery distribution company with some printing ectivities. It has turnover of BFr 150m (£2.5m) and a workforce of 27 people.

The meeting takes place in Boveroux's office. The modern furnishings and the space contrast with King's cramped, ntilitarian office in Herne Hill, South London (though Labelking also has a modern plant at Boston, Lincolnshire). The languege of the discussion is French, which King understands well, though, as he later acknowledges, his command of the spoken language needs improvement.

Boveroux starts hy summarising his impressions of Portugal. With the exception of one of the companies visited the Portuguese printers were *"folklorique"* and hardly fitting partners in a pan-European strategy, he suggests. The one company of any size which might have made e suitehle partner has not been in touch since the visit so is assumed not to be interested.

But the lack of a suitable partner was not the only problem. Portugal is too small a market and too far from the main commercial centres of Europe to be really attractive. In eddition, Riss points out, the numbers do not add up.

The largest cost for a label printer is paper and this is no cheaper in Portugal than it is elsewhere. There would be a small saving on labour costs hut this would be partly wiped out hy higher transport charges. Overall, the savings do not appear to justify setting up in Portugal.

The discussion moves on to the planned joint venture in Belgium which is intended to supply all three partners with computer labels. These are a specialist product which neither Labelking nor SEIC currently produces.

They are labels which can be fed through a computer printer and printed with addresses for business mail-shots or with product and storage data for internal and customer use. The labels may be printed with the company logo or plain (but in either case they must be cut to size) and the hacking peper must be perforated to run over the printer sprockets. The market for these labels is very competitive and costs must be held down if the joint venture *is to succeed.*

"My hair stood on end when I saw your prices for the labels," Riss, the more financially-minded of the French duo, tells the Belgian Cuvelier. Costings would he affected by the product mix of the Belgian operation and hy a decision on whether to produce for stock or only to order. Would there be sufficient demand for this type of label? asks Boveroux.

King acknowledges that et the moment customers do not ask for these labels hnt thst is because they know Labelking does not make them. There would be a sizeahle market once it became known they could be supplied, he says.

They get down to a detailed costing of the operation, including the cost of the printing mechinery, staff wages, factory space, heat, lighting and insurance.

Then King gets a surprise. Where ehould the printing operation be based? asks Riss. He sнggests Lahelking's Boston factory or at SEIC'e associate company in Rouen. Up to now King had been working on *the assumption it would be in* Belgium. "We must work out the costs of each location," says Riss.

With a short break for rolls and wine hrought in hy e nearby office catering firm, the discussion resumes. Portugal comes up again and King agrees with the two Frenchmen that they should give greater priority to the computer label venture. They decide to reconsider the idea in a few months' time. (A few days later, however, the largest of the Portuguese companies visited does get in touch and a meeting is arranged in London for later in January.)

They then discuss the printing equipment they would need for the computer label venture. Delivery would take six months hut before they can order a machine they must set up a company. King is allotted the task of getting his lawyer to draw np a partnership agreement while Riss says he will ask his accountant to check the costings.

They have yet to decide where to base the new company so they will also have to do some more research into matters such as the comparative rates of tax and national insurance in France and the UK. They must also decide whether the compnter label venture will sell at cost to the three partners or whether it will make a profit in its own right. And how will capacity of the new venture be allocated among the three partners if one gets a sudden large order?

One suggestion from the French side is for the computer label company to sell directly to customers if any of the three partners were unable to negotiate a satisfactory deal. This proposal worries King since it would mean the prodnction company was competing with its owners and would undermine the whole basis for the partnership.

At 5.15pm – after six hours of discussion – the meeting ends. Many issues remain to be resolved but Boveroux is confident the new venture can be up and running by September or October.

The financial risks of the computer label venture have been carefully weighed and it would not pose a threat to the viability of the partners even if it did not succeed.

Nevertheless King and his partners have reached agreement on an important new departure for their companies. This has been achieved with the minimum of formality and, so far, without involving lawyers or any other professional advisers.

On the return flight to London the following morning King reflects on the meeting. He would have preferred to have tied up more of the loose ends but his lack of fluency in French has limited his ability to steer the discussions.

He is happy, however, with the rapport he has huilt np with his French and Belgian counterparts and is satisfied with the progress that has been made. "Our ideas are much more concrete than they were a few months ago," he says.

Previous articles in this series appeared on May 2, May 23, September 5 and November 28. Future articles will continue to follow Labelking's progress.

The best way to make a stand

Charles Batchelor reports on staff behaviour at exhibitions

Have you exhibited at a trade show recently? Were the staff on your stand friendly or did they stand, arms folded, glaring at visitors? Did they rush up to people before they had time to gather their thoughts or did they allow them time to look round? Did they promise to send sales literature but then forget or were the hrochures sent with the next post?

How to prepare your staff is just one of the subjects covered in How to Make Exhibitions Work for your Business.* Author John Talbot explains how, with careful planning, an exhibition can increase sales, raise your company's profile and tell you what your competitors are doing.

British companies undervalued the potential of exhibitions in the 1960s and early 1970s but have since become more enthusiastic. This has coincided with the opening of a number of new exhibition halls. In many continental countries exhibitions are an important part of the business year.

Many small businesses nevertheless still regard participation in an exhibition as difficult and expensive. This need not be so, says Talhot. He points out that exhibitions provide one of the few opportunities that companies have to make contact with a large number of potential customers.

The husinessperson must first decide which sort of exhibition would be most useful. If sales go through wholesalers and *distributors* then a trade show will be most appropriate but a consumer exhibition will be of value to companies selling directly to the public.

If the exhibition has been held before the would-be participant should ask the organiser for audited visitor figures. More important than the crude numbers attending are the status and decision-making power of visitors.

The expense involved will comprise direct costs such as payment for stand space, the construction and fitting out of the stand and special brochures as well as indirect costs such as staff time spent in preparation. One survey of exhibition costs showed renting the space amounted to 26 per cent of costs, stand construction 41 per cent, staffing, transport and catering 17 per cent, stand services such as electricity and water 9 per cent and publicity 7 per cent.

Booking stand space must be done well in advance - more than 12 months ahead with popular exhibitions, Talbot advises. Exhibitora shonld make sure they study the fine print of the contract and that they can meet the deadlines laid down. Some shows will require a non-returnable payment of 25 per cent of the rental charge at an early stage.

Staff must be chosen for their ability to show the company at its best and they must be carefully briefed about the products on display. The number of staff involved must be chosen carefully eince too many people make a stand look disorganised, while undermanning can mean sales are lost.

Staff must not be expected to work a full day from 9 am to 7 pm. Standing all day in the artificial atmosphere of an exhibition hall is tiring and a rota system will be needed. Staff who lose concentration may not demonstrate equipment properly or may fail to complete e sale.

In order to assess the effectiveness of exhibiting, the company should draw up a forecast of the numbers of prospective and actual sales they expect to make at the show and the likely value of these orders. After the show this forecast must be compared with the actual achievement.

**Published by Kogan Page, 120 Pentonville Road, London N1 9JN. 127 pages. £7.99.*

In brief...

■ Finance and interest rates are the most important problem facing the 2,000 small businesses polled in the latest Quarterly Survey* of Small Businesses in Britain. Thirty six per cent of respondents highlighted this issue, the highest proportion since the surveys began five years ago.

A lack of skilled labour continued to be the second most frequent business problem – cited by 13 per cent.

** Published by Small Business Research Trust, School of Management, Open University, Walton Hall, Milton Keynes MK7 6AA. Tel 0908 655831. £15 per copy or £45 a year.*

■ American Express has extended its range of services for small businesses by teaming up with the RAC (Royal Antomobile Club) to offer a vehicle breakdown service to small company card-holders.

The service, known as Mobile Assist, gives roadside and at-home assistance with hreakdowns and e recovery service if the vehicle, including light vans up to 3.5 tonnes, cannot he repaired.

Card-holders pay for each call-out (£45.50 for roadside assistance, for example) but pay no RAC subscription.

The annual subscription for the emall company card is £32.50, including the Mobile Assist service. This is the same rate as an American Express personal card, though the company card covers the use of more than one vehicle.

American Express first launched its small company card last April, offering disability insurance to cover accidents at work, a telephone business travel and hotel booking service offering corporate discount rates and an annual report giving a breakdown of business expenses.

The card is intended to extend services previously restricted to large companies to the smaller firm typically employing between six and 12 people. Card-holders from small companies now number 50,000.

■ A series of one and two-day workshops for estahlished small businesses on subjects such as eccountancy techniques, exports, computers in business and negotiating skills is being run by the London Enterprise Agency (LEntA) over the next two months.

The cost of the sessions ranges from £50 (plus VAT) to £130 (plus VAT) though some are free to businesses which have been trading for less than a year.

Contact LEntA, 4 Snow Hill, London EC1A 2BS. Tel 01-236 3000.

UK COMPANY NEWS

Bullough beats estimates with 9% gain to £28.75m

By Clare Pearson

PRE-TAX profits of Bullough, the office furniture and engineering group, moved ahead 9 per cent in the year to end-October from £26.33m to £28.75m.

Sales rose from £208.11m to £276.41m but operating profits grew at a slowar pace to £30.76m (£26.73m). Interest charge grew to £2m (£394,000), reflecting the impact of cash acquisitions.

Mr Derrick Battle, chairman, said: "Wa view the future with cautious optimism against a background of uncertain current economic conditions."

Atal, the French office equipment concern, was included for the full year. Mr Battle said it contributed profita above expectations.

But the underlying performance of the dominant office products division was slightly down. This was because Project, a leading UK office furniture manufacture, suffered increases in distribution and sales costs.

Overall the division made £16.6m (£13.53m) operating profits on sales of £132.05m (£80.6m).

Refrigeration and store fittings division moved operating profits to £5.8m (£5.5m). They were held back by refrigerators, the sales of which were depressed during the first half because of fears over listeria and CFC's, while sales to public houses were affected by the Monopolies and Mergers report on the brewing industry.

Among the smaller divisions, the mild winter hit heating's contribution, which fell to £3.51m (£3.85m). Electricals dropped to £1.31m (£1.66m). Engineering, however, rose to £3.51m (£2.18m).

In May, Atal acquired Linguanotto, a French office chair maker. In October, a retail shelving business was bought for about £6.5m.

After financing £10m of acquisition costs in cash and £10.7m of capital expenditure, a cash outflow of £12.9m left net borrowings of £29.5m at the end of tha period. Of this, £22.9m was in French francs.

A final dividend of 4.3p makes 6.05p (5.67p). Earnings were 15.86p (14.89p).

Derrick Battle: cantions optimism

● COMMENT

A margin improvement at Atal meant these figures were slightly better than expected – but that did not make them anything to write home about. Chiefly because of tougher conditions in the UK office furniture market, it is now hard to see how Bullough can recover its strong past growth in the near-term. As regards refrigeration, prospects have improved since the initial adverse effects of the food scarea, although uncertainty about the final shape of UK legislation on chilled and prepared food is likely to continue to affect demand. The other operations, being smaller, do not matter so much although further mild weather is not going to have belped the heating side. All in all, it seems prudent to expect no more than about £30m pre-tax profits for the current year. Pending any more encouraging developments, the prospective p/e of about 8.5 looks fair enough.

Wiggins and Argos ready to float

By Maggie Urry

WIGGINS TEAPE Appleton, the pulp and paper subsidiary of BAT Industries, and Argos, BAT'a catalogue ahowroom retailer, have each appointed advisers for their flotations on the stockmarket.

BAT, the UK tobacco-based conglomerate, is demerging both subsidiaries in response to last year'a bid for the group from Hoylake, the consortium headed by Sir James Goldsmith. The Argos float is expected during the first quarter of 1990, while Wiggins' is due at the start of June.

Wiggins is likely to have a market value of about £1.5bn giving the group a place in the FT-SE 100 index. It makes specialist products such as carbonless copy paper, thermal paper and business stationery, and has paper merchanting and pulp interests. The two parts – Wiggins Teape in Europe and Appleton in the US – are being merged prior to the float.

Its chosen merchant bank is Kleinwort Benson, and the stockbroker is UBS Phillips & Drew. Lovell White and Durrant is the UK legal adviser, and Simpson Thacher & Bartlett the US legal adviser. Corporate communications will be handled by Grandfield Rork Collins.

Argoa' launch, likely to valne the group at about £500m, is being sponsored by SG Warburg which is BAT's adviser, while Schroders has been appointed as its merchant bank. Rowe & Pitman, part of Warburg, has been picked as tha stockbroker. The legal adviser is Rowe & Maw, and Brunswick is the financial public relations adviser.

Hidong profits down sharply

Lower rubber and oil palm prices have put Hidong Estate sharply into reverse with a profit before and after tax of M$49,732 (£11,100) for the half year to September 30 compared with M$407,023 for the corresponding period of the previous year.

Turnover declined from M$1.29m to M$881,000. Interest payable was down from M$29,566 to M$15,988. Earnings per share fell to Sen2.90 against Sen23.76 and there is again no dividend.

Yelverton nav up 10%

Net asset value at Yelverton Investments stood at 53p on October 31 1989, an increase of more than 10 per cent over the 48p of 12 months' earlier.

Income in the 12 months to end-October for this USM-quoted investment and securities dealing group rose from £556,000 to £796,000. After interest charges cut to £133,000 (£163,000), pre-tax profit was £401,000, a substantial increase on the previoua year'a £71,000.

Since the year end the board has sold the entire holding in Sheraton Securities, determining that to continue holding a large investment in the uncertain UK property sector was not compatible with the present objectives of the company.

Mr Henry Clarke, chairman, said "the company has approximately £5.5m cash representing over 47p per ordinary share and no significant short term liabilities".

Earnings per share were higher at 2.4p against 0.5p, and the dividend is doubled to 1p.

London listing for Northam

By Kenneth Gooding, Mining Correspondent

NORTHAM PLATINUM, which is developing South Africa'a first deep-level platinum mine, is to have its shares listed on the London Stock Exchange and dealings are expected to start on February 1.

Platinum prodnction la scheduled to commence during the year begining Juna 1991 and to build up to an annual rate of abont 250,000 troy ounces by 1993-94.

The directors estimate that another R818m will be spent before the mine is financially self-sufficient and have given early notice of a rights issue soon to raise R600m.

Gold Fields of South Africa, which owns 60.4 per cent of Northam, will take up its rights. About 1.5 per cent of the issued capital is owned by UK residents.

Northam's mine, in the Transvaal, will produce ore from about 2,500 metres below the surface and be among South Africa's deepest. This will result in higher working costs bnt It is expected these will be offset by the high-grade ore to be mined.

The London listing is sponsored by Cazenove & Co.

When a sweet pill is spiked by bad timing

Peter Marsh considers the future of Celltech as B&C puts its 36% stake up for sale

FOR SALE: prime piece of British tacbnology. Good working order, colourful history, prospects uncertain.

Such messages are being sent around many of the world's big chemical and pharmaceuticals companies as the effort to find a boyer for Celltech, a leading UK biotechnology group gains momentum.

The privately-owned Celltech is thought to be worth £100m to £150m. It is one of a number of companies around the world which are attempting to commercialise biotechnology, a set of relatively new biology methods for developing chemicals and drugs by manipulating genetic material.

The likely bidding for Celltech arises out of a decision by British & Commonwealth Holdings, which owns 36 per cent of Celltech, to put its stake np for sale. Under UK Stock Exchange rules, any company taking this stake automatically has to make a full offer for the business.

Baring Brothers, the London bank handling the proposed sale, is in contact with several dozen large companies which are tbougbt of as potential buyers for Celltech. Over the next few weeks the detailed negotiations will start. "We are waiting for the telephone to ring," said one banker.

None of the large UK drugs groups are likely to want to buy Celltech. That means the most probable buyer will be a Japanese or continental European chemicals business. Such a group will probably not so far have established a presence in biotech in Europe. It will be mainly interested in Celltech's manufacturing technology and its highly regarded workforce, rather than in any individual products tha company has under development.

Many analysts, however, do not expect the sale, assuming it comes off, to be easy. Prospects for the new biology look a lot less rosy than in the early 1980s when several big companies paid large sums for small biotech ventures.

Such moves hit a peak in 1986 when Eli Lilly, tbe US drugs gronp, paid $300m for Hybritech, a small diagnostics business based on biotechnology. Since then the sums paid in similar transactions have been far smaller.

Underlining the less optimistic thoughts about the technology is that sales of biotech-derived drugs last year came to about $1bn, less than 1 per cent of world medicines output. Projections in the mid-1990s had talked aboot mucb bigger figures. But developments have been slow, largely because of problems in developing biotech drugs free from side-effects and which can prove clinical effectiveness.

Another factor is that many of the giants have spent the past decade establishing their own research. They are therefore less interested in buying smaller biotech groups for the expertise of those operations. "Why sbould we want Celltech? We have got a biotecb group already," said Sir Alfred Shepperd, cbairman of Wellcome, the UK drugs company.

Dr Hans Uwe Schenk, wbo takes over in July as head of Knoll, a West German drugs group, said he could not rule out making an offer for Celltech. Knoll is owned by BASF, the giant German chemicals company. "But tbe decision would have been much easier five years ago, before we built up our own expertise," said Dr Schenk.

Celltech was set up in 1980 as an effort by the UK Government to establish a strong British presence in this field. It was originally part-owned by the Government's National Enterprise Board – the Government sold its last shares in the company four years ago – and up to 1983 had an exclusive agreement with the Medical Research Council to take into tbe market place ideas from work funded by the council.

MAJOR BIOTECHNOLOGY ACQUISITIONS			
Date	Buyer	Company bought	Value
1982	Schering-Plough (US)	DNAX (US)	$19m
1986	Bristol-Myers (US)	Genetic Systams (US)	$249m
1986	Eli Lilly (US)	Hybritech (US)	$300m
1987	Glaxo (UK)	Biogan*	less than £10m
1987	Novo (Norway)	IQ (Bio) (UK)	£8m
1989	ICI (UK)	Cambridga Resaarch Biochemicsla (UK)	£5.5m
1989	Abbott (UK)	Damon Biotech (US)	$9.4m
1989	Chugai (Japan)	Gen-Probe (US)	$100m
1989	Medirace (UK)	Cambridga Life Sciences (UK)	£3.25m
1989	Novo (Norway)	Celltech Diagnostics	£2m

* Purchase of European research laboratory only

Mr Gerard Fairtlough, chief executive, is an ex-NEB manager who has been in charge of Celltecb since its formation. A former executive at the Royal Dntcb/Shell cbemicals group, Mr Fairtlough is regarded with respect in tbe industry.

Mr Fairtlough, wbo is 59 and is expected to leave Celltech soon after its future has been settled, said there were a large number of possibilities as to its ownership. "A group could end up owning 100 per cent or there could be a distribution of shareholders, as we bave now."

The Celltecb board is to have a full say in considering possible owners and otber large shareboIders – whicb include the Prudential insurance company and Midland Bank – will antomatically become involved in the event of a full bid.

Mr Fairtlougb said Celltech would not object in principle to becoming part of a non-UK company.

Celltech, with a workforce of 400, has won recognition internationally largely because of its expertise in some production aspects of biotechnology. It is especially skilled in the area of fermentation and the manufacturing of highly pure proteins called monoclonal antibodies. Some bowever, say it bas not done enough to target its scientific efforts at specific business areas.

Celltecb had sales in the year to end-September of £19.7m, on which it incurred an operating loss of £5.5m. It bopes to move into profit in the mid-1990s as a result of a number of drugs under development. Among tbe most promising is a specific type of monoclonal antibody whicb can be used against septic sbock, an often fatal ailment that can affect people after serious burns or surgery.

One of Celltech's strengths is generally considered to be a series of joint veotures witb large companies in whicb it either makes biotech materials uoder contract or does researcb into new compounds. Tbe manufacturing ventures provide about two thirds of Celltecb's revenues, while researcb deals account for the rest. These agreements – have given Celltecb an insight into the establisbed pbarmaceuticals industry as well as a highly useful source of funds.

But companies which have worked with Celltecb will not necessarily want to make a bid. One, Ares-Serono, a Swiss-American drugs group which is keen on biotech as a strategic technology, has worked closely with Celltecb on manufacturing technologies. But according to Mr Fabio Bertarelli, chief executive, it is not thinking about buying Celltech. "They have nothing we doo't have. It would be a duplication of technology."

Glaxo, Britain's biggest drugs company, and Imperial Chemical Industries, the country's largest chemicals business, both say tbey are not interested in buying Celltecb.

So who will want to acquire Celltech? US cbemicals and drugs companies are unlikely to be interested as many already bave tbeir io-bouse developments That leaves large Japanese drug companies such as Cbugai, Yamanouchi and Fujisawa which in the past two years bave been keen on expanding botb in biotecb and in Europe.

Other cootenders could be European cbemical companies, such as Scbering of West Germany and Akzo of the Netberlands. Nobel Industries of Sweden and Norsk Hydro of Norway are two medium-sized Scandanavian cbemicals groups whicb migbt be tempted to make a play for Celltecb as botb are interested in moving into new technologies. They also want to move furtber into tbe European Community prior to tbe planned completion of tbe internal market after 1992.

Whoever makes the plunge for Celltecb will almost certainly have at least a few nagging doubts about wbetber the company is really worth having. "There bave been a lot of problems in biotecb," said Mr James Culverwell, a drugs analyst at Hoare Govett, a London broker. "Anyone wbo buys Celltecb will be buying an enormous amount on trust."

8.5% rise at Haynes Publishing

In thg half year anded November 30 1989 Haynes Publishing Group increased pre-tax profits by 8.5 per cent, from £1.53m to £1.66m.

Turnover of the group – a publisher of books and car manuals – rose to £7.99m (£7.85m). From earnings of 10.13p (9.71p) the interim dividend is lifted to 4.5p (4p).

Mr John Haynes, chairman, said in spite of high interest rates and the depressed state of the UK retail sector, the UK companies produced a trading profit of £1.21m (£1.17m).

North America made excellent progress, and the trading profit rose 51 per cent to £462,000. This accelerated growth continued into the second half, he added.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- AIM, Applied Holographics, Bristol Channel Ship Repairers, Davies (DY), Dudley Jenkins, Ransom (William), Rush & Tompkins, Shelton (Martin), UPL.

Finals- Gardiner, Lowe (Robert H), Microgen, Partridge Fine Arts, Throgmorton Trust.

FUTURE DATES

Interims-

Welsh Industrial Inv Tst	Feb. 2
West Industries	Jan. 31

Finals-

Beckenham	Feb. 5
FII-Fyffes	Feb. 1

High interest and increased investment in research force TACE down to £3.2m

By Andrew Bolger

HEAVY INTEREST charges and increased spending on new products were blamed yesterday hy TACE, the process, environmental, and quality control company, for a drop in profits for the year to September 30.

Pre-tax profits dipped to £3.17m (£3.62) althougb turnover rose to £34.32m (£27.08m). Earnings per share fell to 10.57p (16.97p), but the annual pay-out is maintained at 11p with a proposed final dividend of 7.75p (8p).

TACE's results consolidate its 51 per cent stake in Goring Kerr, the metal detector systems maker, whicb saw profits dip to £2.86m (£3m) in the same period. Turnover increased to £13.45m (£11.76m) and earnings per share were down to 23.7p (25.4p). The recommended final dividend is 10p (10.5p) for a maintained total of 15p.

Mr Jock Mackenzie, chairman of both companies, said the higb level of interest rates and increased investment in research and development had affected TACE's results.

However, the net proceeds from the sale of Prospect, its Midlands-based engineering subsidiaries, had reduced borrowings and hence the company's exposure to high interest rates would be significantly lower in the current year.

Mr Mackenzie said Goring Kerr was a world leader in metal contaminate detection systems. This market was expanding in most industrialised countries and its advance should be reflected in the group's results in future years.

A joint venture company – Goring Kerr intertest – had been formed to market a new system whicb could detect food which had beeo contaminated by materials sucb as glass or plastic, and which proved of great interest lo the major food manufacturers.

● COMMENT

Are Mr Mackenzie's promises of jam tomorrow contaminated by the sort of nasty and hidden little surprises which Goring Kerr's high-tecbnology machines are designed to detect? Both groups have sound products and higb market shares, and the strategy of focusing on high technology – illustrated by the disposal of Prospect – seems to make sense. The major concern must be that good market share in what should be high-margin businesses is not feeding through to profits, raising questions about the cost structure. Down 7p yesterday at 153p, and on forecast pre-tax profits of £3.5m, Tace is on a multiple of 13, which is underpinned by a yield of almost 10 per cent. Goring Kerr fell 30p to 263p. Forecast profits of £3.2m put It on a multiple of 9.9. Both prices have fallen sharply in the last year and investors wbo believe the had news is already in the price could have their faith rewarded.

Mrs Fields licensing deal with Marriott

Mrs Fields, the world's largest producer of cookies and specialty baked products, has entered into a licensing agreement with Marriott Corporation whereby it will license Marriott to produce and sell its products in stores owned and operated by Marriott and designated as Mrs Fields' Cookie stores.

The agreement will not include Mrs Fields' Bakery stores, although these may be subject to an additional agreement in the future.

Marriott will finance and own the store construction programme, including all operating overheads. It has agreed to open a minimum of 60 stores under the license agreement. The agreement will include an up-front payment to Mrs Fields as well as on-going royalties based on the value of the gross sales in the stores.

Marriott will also pay Mrs Fields an additional amount for each store opened in excess of the minimum. Once the minimum number of stores are operating at full capacity (based on average sales volumes in the pilot stores, opened in 1989,) Mrs Fields will receive royalty income under this arrangement at least equal to other similar licensing royalty agreements involving branded food products in the US, which currently average 5 per cent of total sales.

See Lex

Revised forecast at Federated Housing

County NatWest is yet again having to revise its forecast for Federated Housing. The Kent-based housebuilder produced worse than expected interim results in September and the broker was now forced to lower its sights from £7m to £2.5m.

Now Federated has stated that with below budget home sales, lower margins in the final quarter and tbe delay of certain land sales, the group was expected to have incurred a loss in respect of last year.

Westminster Scaffolding achieves £1.4m

Against the forecast of £1.4m, Westminster Scaffolding finished the year ended October 31 with pre-tax profits of £1.47m.

The company came to the USM last July. Profit in 1987-88 was £877,000.

Mr Tom Greenham, chairman, said that in contract scaffolding the group traded strongly, in spite of the weak property market and general slowdown in the construction industry.

The access equipment hire and sale division increased turnover and profit, as a result of development to penetrate the retail end of the market.

Turnover was £12.13m (£8.21m). Earnings were 9.4p (7.3p) and the dividend is 3p (2.5p).

Brookmount buy lifts Ford Sellar Morris 76% to £12m

FORD SELLAR Morris Properties, tbe USM-quoted property developer, dealer and investor, has achieved a 76 per cent increase from £6.84m to £12.02m in pre-tax profits for the six months to October 31.

Mr Irvine Sellar, chairman, said the company had continued to make progress on all fronts, and the major event of the first half had been the £120m acquisition in August of Brookmount. Turnover leapt to £74.2m, more than double last time's £32.01m.

After the acquisition, FSM's gearing rose to 280 per cent. Mr Sellar said that it would fall to its pre-Brookmount level of 100 per cent by April. Altbougb most of the acquired portfolio will be retained – boosting annual rental income to more than £10m – in excess of £80m-worth of properties have been sold.

After tax of £4.33m (£2.36m), earnings raced ahead to 18.1p (10.49p). The interim dividend is lifted 67 per cent to 2.5p (1.5p).

The company maintains that its portfolio is well balanced both by sector and geographically – it is a "good mix of quality office and well located retail properties, with no excessive exposure to any one area".

Mr Sellar said that, while it was fashionable to look solely at the downside factors in the property sector, the board did not subscribe to the more dire predictions made by some commentators. FSM would continue to proceed with caution, but would also continue to take the right opportunities to move forward.

Jacques Vert bucks trend for 15% rise

By Alice Rawsthorn

IN SPITE of the downturn in the clothing industry, Jacques Vert, the women's wear group, recorded a 15 per cent increase from £2.06m to £2.37m in interim pre-tax profits.

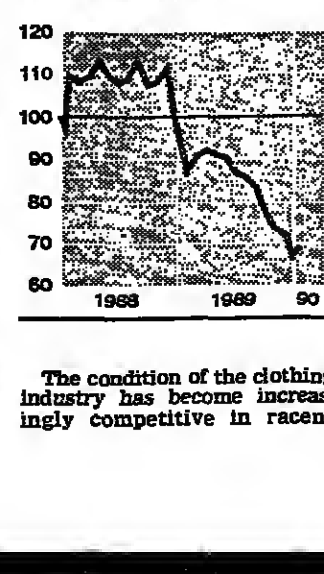
Mr Jack Cynamon, joint chairman, said the company had been unaffected by the decline in the clothing market. It bad, bowever, suffered a squeeze on margins because of the cost of launching its new Alain Cannelle casual wear range and its investment in new warehousing and equipment.

Turnover increased to £19.07m (£14.45m) and gross profits to £8.31m (£5.96m) in the six months to October 28. Earnings per sbare rose to 16.01p (14.1p) and an interim dividend of 4p is declared.

The shares fell by 4p to 285p following yesterday's announcement.

Jacques Vert

Share price relative to the FT–A All–Share Index



The condition of the clothing industry has become increasingly competitive in racent months as manufacturers have struggled against the parallel problems of the slowdown in consumer spending and intense pressure from imports.

Tbe industry's problems tend to be concentrated among the mass market manufacturers and Jacques Vert, which specialises in classic clothes for middle aged women, bas emerged unscatbed. It managed to boost UK sales by 32 per cent to £16m (£12.14m) in the period.

It also increased axport sales hy 32 per cent to £3.06m (£2.32m) although it encountered problems in the US, where it incurred a small loss. Mr Cynamon said the group was committed to establishing itself in the US. It planned to open three shops io Los Angeles "as an experiment" this spring.

Collections, the loss making jewellery subsidiary, was sold to the management in a buy-out during the first half.

Tbe response to tbe new Alain Cannelle range was, said Mr Cynamon, "well above expectations". Vert did, bowever, bave to use up working capital to pay for the launcb of the collection. It also invested £1.5m in a new warehouse at Harlow, Essex, and £1.1m in capital expenditure.

Because of this investment borrowings increased during tbe first balf. Gearing bad risen to 23 per cent by the end of the period and, as a result, the group incurred a substantially higber interest charge of £180,000 (£28,000).

Mr Cynamon said tbe investment was necessary to prepare for future expansion. He described the state of trading so far in the second half as "very good".

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AAA Seafood Processing plant in Costa Rica for sale. Exporting to USA with established markets. Important tax advantages through Caribbean Basin Initiative.Principals only. Contact Mr.Sosa in USA.

Phone 305 876 9348/49
305 447 9933 (after 8pm EST)
Fax 305 876 9350

LASER-CUTTING business in North Kent,

with existing well-known clients, specialising in signs, point of sale and control panels. Mergers considered.

Colin Cadle 0959 73492.
Fax 0959 71062

SPARKLING WINE FOR SALE

100% Chardonnay grapes from Hungary. 12% vol with cork closure. Total 2000 cases 75cl by 12.

Call Santa Wines Ltd, P.O. box 1263.
Limassol Cyprus Fax: 051-77871
Tlx 3382 PRC CY Ref: Sally

FOR SALE

Small Precision Engineering Company

Both executive directors now over 70 and wish to retire. The company was formed in 1961; has a turnover of approx £500k; and operates in freehold premises of 5,600 sq ft recently professionally valued at £400k and located close to London Heathrow.

Write to Box H5704, Financial Times,
One Southwark Bridge,
London SE1 9HL.

MARKETING NEWS

Due to a re-organisation the publishers of Marketing News, are seeking a quick sale to the title. This will include a database of both registrations and compiled data totalling approximatley 30,000 marketing and senior executives. The publication needs development and has potential in the direct marketing sector and for recruitment advertising.

For further information contact:
Mr D. Raven, Managing Director,
Hemden Services Ltd.
Tel: 0327 301302 or Fax 0327 300139

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- New Window Product Package

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Portfolio with properties in London and south east. Current rent £230,000 per annum approximately. Imminent reviews and management opportunities. Good covenants. Principals only.

Write Box H5683, Financial Times, One Southwark Bridge, London SE1 9HL

MAIL ORDER

Small active mail order business for sale. Tax loss available.

Write Box H5716, Financial Times, One Southwark Bridge, London SE1 9HL

FOR SALE ITALY-ROME LANGUAGE SCHOOLS OUTSTANDING OPPORTUNITY

To enter the booming language business two private schools in constant expansion with well established network of company clientele strong cash-flow on limited potential.

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FOR SALE

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WINE BUSINESS

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For further details please write Box H5706, Financial Times, One Southwark Bridge, London SE1 9HL

Translation Agency

North West based well established & profitable. Turnover in excess of £100,000. Linguistic skills not essential. Induction training offered. Leasehold offices. Business, records and equipment £65,000.

County Business Services
061 480 2969

GOLF AND COUNTRY CLUB

Management arrangement leading to eventual buyout sought by property developer proprietor of West Country. Holiday complex which still has enormous scope for further development including country pursuits and golf.

Principals only Write Box F9542, Financial Times, One Southwark Bridge, London SE1 9HL

TO A CHIEF FINANCIAL OFFICER

of an expanding company interested to own a diversified conglomerate in USA. We have the base for it, controlling companies in different areas.

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EXCELLENT ACQUISITION OPPORTUNITY

We are mandated by a medium-sized US company (computer peripheral hardware products) to find a buyer.

Contact: IBC Inc., Switzerland
Phone: 41 (38) 24 55 00
Fax: 41 (38) 25 83 95

FOR SALE

Established controlled circulation journal for sale. Building industry. Tremendous potential.

Principals only write H5708, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

FROZEN FOOD BUSINESS

Long established frozen food business for sale. Branded products (trade marked). Turnover in excess of £1 million. Offers over £100,000 invited for the goodwill. Assets, stock etc. at value Principals only please to

Box H5692, Financial Times,
One Southwark Bridge,
London SE1 9HL.

HIGH-CLASS DELICATESSEN/SANDWICH BAR FOR SALE

Near Tower of London. Turnover approx £260,000 p.a.

Write Box H5695, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

SMALL MACHINE - TOOLS IMPORT & DISTRIBUTION

Part of an acquired company. Does not fit core activity. Three sole U.K. Agencies for sale. Blue chip clientele. Goodwill & demonstration machines £60,000

Write Box H5685, Financial Times, One Southwark Bridge, London SE1 9HL

COMPANY IN FULL EXPANSION around Brussels (Belgium). Exclusive agent for 2 brands-1/3 of Belgian market + sale of "Mouse and Scanner." Company turnover in 1989:100,000,000 Bfr. Tel:32/2/267.74.74

AGENCY COMPANY FOR SALE with sole UK distributorship of internationally known optical cleaning products. Excellent potential. Write Box H5709, Financial Times, One Southwark Bridge, London SE1 9HL

INFOMET LIMITED (FORMERLY METYCLEAN LIMITED)

The Joint Administrative Receivers offer for sale the business and assets of Infomet Limited. The company is involved in computer hardware and business equipment sales and maintenance.

Principal features of the business include:—

- Freehold property of 13,300 sq feet in London SE11.
- Maintenance base of 1400 customers generating £1.3M revenue per annum.
- Turnover in 1989 of approximately £7 million.
- 110 highly trained staff including technical engineers and sales force.

For further information contact:
Martin Fishman or Laurie Fitzgerald
Arthur Andersen & Co.,
P.O. Box 55,
1 Surrey Street,
London WC2R 2NT.
Tel: 01-836 1200
Telex: 8812711
Fax: 01-831 1133
01-438 3771

ARTHUR ANDERSEN & CO.

Plant Hire, Coal Washing Business

Yorkshire

The above company is involved in coal processing, general earthmoving and plant hire contracts.

- Projected annual turnover for 1990 £1.9 million
- 37 employees
- Plant with a book value of £1.944 million

For further details please contact the Joint Administrative Receiver:
Scott Barnes, Grant Thornton,
St Johns Centre,
110 Albion Street,
Leeds LS2 8LA.
Tel: 0532 455514
Fax: 0532 465055

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JOINERY MANUFACTURERS AND FIXERS
KIMPTON JOINERY LIMITED IN ADMINISTRATIVE RECEIVERSHIP

Offers are invited for the assets and business of the above. The company operates from a well equipped factory of 4750 sq.ft. situated at Kimpton, Herts and employs a skilled workforce. Occupancy is currently by informal tenancy with a fresh lease or purchase of freehold of premises negotiable. The company has been established over 18 years, with present turnover circa £1.2 million and enjoys a healthy order book.
For further information contact Mrs Vaughan on 0727 38255 or the office of the Joint Administrative Receivers:-

Mr N.J. Hamilton-Smith & Mr D J Mason of Morton Thornton & Co., Torrington House, 47 Holywell Hill, St Albans, Herts AL1 1HD.

BUSINESS WANTED

WANTED Chemical Products Business

International group seeks to acquire profitable chemical manufacturing and sales company with good sales network, based in Scotland or North of England. Companies with turnover of £2-5 million will be considered.

Please contact Ian Souter, Ernst & Young, at George House, 50 George Square, Glasgow G2 1RR. Telephone: 041-552 3456. Telefax: 041-553 1812.

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Please write to us now in complete confidence. All replies will be forwarded to us unopened from:

Box No. 214, BVA, 3 Lloyds Wharf, Mill Street, London SE1 2BA

WANTED HOME/COMMERCIAL SECURITY COMPANIES

Preferably involved in the installation of alarm and intruder detection systems, and with a turnover exceeding £3 million. Corporate buyer with substantial funds.

Write Box H5677, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

NORTH AMERICAN LINGERIE COMPANY

seeks

a controlling interest in a UK based up-market lingerie manufacturer/distributor/retailer. Strong ties with EEC would be an advantage. Ideal Company will *have a current turnover of £2-10 million.*

Write in first instance to the Company's advisers:
The Mitchell Lewis Partnership, The Coach House,
Crieff Road, LONDON SW18 2EB

P.L.C. seeks acquisition in Concrete Products

Progressive PLC involved in the manufacture of concrete products wishes to acquire manufacturing activities that compliment its present operations. Company should be U.K. based preferably located in mid to south England with a turnover of £0.5M to £5M and profitable. Existing management to be retained.

Write H5698, Financial Times,
One Southwark Bridge,
London SE1 9HL

NIGHT CLUBS

wanted Midlands and North Counties. Company wishing to expand is looking to acquire business as going concerns. All applications in strict confidence to Messrs.

KAZAZ & COMPANY,
Accountants, 129a Sibson Road,
Birstall, Leicester. LE4 4ND.

AQUISITIONS SOUGHT

in leisure sector profit or loss-making considered

Principals only write Box H5705, Financial Times, One Southwark Bridge, London SE1 9HL

WANTED

Small, interesting business required. Cash capital available £25,000. London or Home Counties. No franchises.

P Cranleigh-Swash
55 Hammersmith Grove,
London W6 0NE

WANTED MOTOR DEALERSHIP ACQUISITIONS

Fast expanding Group wishes to acquire premises/companies in Motor Retail Sector - franchised or non franchised - cash injection considered.

Contact: J. Bradbeer,
Elliott son & Boyton, 79 Wimpole Street, London, W1M 8BF

LLOYD'S BROKERAGE REQUIRED

DETAILS

Please write to Box H5712
Financial Times, One Southwark Bridge,
LONDON, SE1 9HL

ELECTRONICS

International concern seeks small electronic manufacturing and/or assembly company for outright purchase as going concern or majority investment. Suitable company would employ 20 to 40 people and need new technology and products. Please send fullest possible details for consideration.

Write Box H5703, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

WANTED - BUSINESS DIRECTORIES

Growing business database and directory company interested in company titles or interested in companies involved in publishing from business databases. All responses will be promptly acknowledged and treated in strictest confidence.

Write Box H5707, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

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Part-time (4 x 3-week intensive learning periods over two years)
or
Full-time (One year)

International Policy is one of the study pathways for the University's MSc in Comparative Development and International Policy. The course covers social, organisational, economic and policitical aspects of international policy and its implementation.

International Policy is designed for a global student group involved in international organisations, including commerce, and for others interested in international policy. Applications are particularly welcomed from women.

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If you would like further information, contact Isabel Speed, Graduate Course Secretary, at the School for Advanced Urban Studies, Rodney Lodge, Grange Road, Bristol. BS8 4EA. Telephone: Bristol 741117. Alternatively, you may contact us by facsimile transmission (telefax) on Bristol 737308.

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- BETTER USE OF DISTRIBUTION CHANNELS
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Approaches from principals or intermediaries registered under the Financial Services Act expressing nature of interest, write Box F9545, Financial Times, One Southwark Bridge, London SE1 9HL.

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We have a 5000 FT² factory which is very efficient at manufacturing top quality fitted furniture for the domestic and hotel market. We can produce £800k of furniture but due to the recession our sales are now 400k and would therefore consider

(A) To merge with another company in a similar position or
(B) To make an attractive offer to any company or person that can increase our sales quickly.

Telephone John on 0838 730965

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sought wishing to invest in residential developmeots for first time buyers in the South East. Minimum of £250,000 required. For further details

Write Box H5701, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

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requires owner for steeplechaser with good winning form.

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We are in the Northwest and specialise throughout the country in establishing and operating childrens day nurseries. We would like to joint venture with a construction/development company in expanding our distribution network, taking up synergies between both parties.

Write Box F9541, Financial Times, One Southwark Bridge, London SE1 9HL

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Maybury & Company
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16a St James's Street,
London SW1
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London SE1 9HL.

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London	—	Tony Houghton	Tel: 01-405 8799
Belfast	—	Arthur Boyd	Tel: 0232 649111
Birmingham	—	Andrew Peters	Tel: 021-631 2288
Bracknell	—	Roger Smaridge	Tel: 0344 54445
Bristol	—	David Bird	Tel: 0272 211622
Cardiff	—	Robert Ellis	Tel: 0222 481111
Glasgow	—	Robin Wilson	Tel: 041-204 2800
Leeds	—	Ralph Preece	Tel: 0532 444741
Leicester	—	John Doleman	Tel: 0533 543598
Liverpool	—	Stephen Akers	Tel: 051-236 0941
Manchester	—	Grahame Watts	Tel: 061-228 3456

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FOR SALE
The Business and Assets of RFC – JESCO LIMITED AND GROUP COMPANIES

The Joint Administrative Receivers offer for sale the business and assets of the above group, manufacturing chemical dosing and control equipment for the water treatment industry with an annual turnover of £1.44 million.

- Patents covering chemical dosing pumps
- Range of control instrumentation
- International customer base with order book
- Suppliers to water authorities and blue-chip companies
- Modern leasehold premises at Lydney, Gloucestershire

For further information please contact R.G. Ellis.

Touche Ross

Blenheim House, Fitzalan Court, Newport Road, Cardiff CF2 1TS.
Tel: 0222 481111. Fax: 0222 482615.

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LEONARD CURTIS

BY ORDER OF THE JOINT ADMINISTRATIVE RECEIVERS
PHILIP MONJACK FCA and KEITH D GOODMAN FCA

IN THE MATTER OF
REE-EVEN LIMITED

Offers are invited for the business and assets of this established plant and tool hire company, which operates from purpose-built leasehold depots in excellent locations in West Sussex.
Freeholds of premises may be available.

Principals only apply to:
Leonard Curtis & Associates, 20 New Road, Brighton, East Sussex BN1 1UF
Tel: (0273) 571946 Fax: (0273) 681974

Fully Equipped HEALTH CLUB

situated in 1½ acres in a Mediterranean location. To be sold complete as a going concern for circa £900,000.
For further information on this and other prime commercial properties in the Med, write in the first instance to:
Box H5680, Financial Times, One Southwark Bridge, London SE1 9HL

FLORISTS

Part of successful garden centres business wishes to dispose of flower shop as going concern. To include 12 year leasehold premises in Putney, new shop fittings, Nissan van, furniture and equipment and goodwill.

Box H5678, Financial Times,
One Southwark Bridge,
London SE1 9HL.

FOR SALE

Integrated Arts Limited
(Agent for Mortgagee Appointed)

High Speed Image Processing Technology

Expressions of interest are invited for the purchase of a Publicly Listed company whose products include broadcast graphics systems.

The company has 3 products nearing completion for release at the National American Broadcasters Conference in March 1990 with potential for world-wide marketing. The revolutionary designs of these 3 products and others on the drawing board will project the company to the forefront of the broadcast graphics field.

For further information please contact John Smith or Brian Dunphy on (02) 266 0655.

HORWATH & HORWATH
CHARTERED ACCOUNTANTS
307 Pitt St, Sydney 2000 Australia.
Tel: (02) 266 0655 Fax: (02) 264 6554

Greames Optical Services Limited

Also t/a Greames Optical, Newcastle and Swansea Optical, Swansea

Opportunity to acquire the business and assets of a well established manufacturer of spectacles and lenses, which also markets spectacle frames and optical equipment. Main centre in Halesowen, West Midlands, also based in Newcastle-upon-Tyne and Swansea.

- Turnover approximately £3m per annum
- Freehold factory units of 18,500 sq feet
- 2 small leasehold factory units
- Nationwide representative network
- Extensive range of branded frames
- Long-standing reputation for quality and quick turnaround
- Extensive and diverse customer base

Assets for sale comprise freehold and leasehold premises, plant, machinery, stocks and work in progress.

Interested parties should please contact John F. Powell and Ian N. Carruthers, Joint Administrative Receivers at:
Cork Gully
43 Temple Row
Birmingham
B2 5JT
Tel: 021-236 9966
Fax: 021-200 4040
Telex: 337892

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Cork Gully

High Precision Plastics Mouldings

The business and assets of LEM Plastics Mouldings Limited are offered for sale by the joint administrative receivers. The company manufactures high quality precision plastic moulded components and finished products from thermoset and thermoplastic materials using both compression and injection processes.

The main features and assets comprise:

- Modern freehold premises in East Cowes, Isle of Wight of some 55,000 sq ft
- Production capacity for £6 million turnover
- BS 5750 certification
- Modern machinery including 39 moulding machines
- Fully equipped toolroom
- Established and expanding customer base

Interested parties requiring further information should contact:
Adrian R. Stanway
Joint Administrative Receiver
Cork Gully
5 Town Quay
Southampton
Hampshire
Tel: 0703 632772
Fax: 0703 330483

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Joncare Limited

In Receivership

For Sale as a going concern, the business and assets of Joncare Limited designers and manufacturers meeting the special needs of the disabled, handicapped and rehabilited.

- Well established business — the name Joncare is synonymous with supplying specialised products and services to the industry.
- *Turnover in excess of £1,000,000 per annum.*
- Modern industrial premises in Abingdon, Oxon.
- Stock and range of work in progress.
- Well equipped workshop.
- Large potential order book.

For further details, contact the Joint Administrative Receivers:
Nigel John Vooght and John Martin Iredale,
Cork Gully,
9 Greyfriars Road,
Reading, RG1 1JG.
Telephone: 0734 500336
Fax: 0734 607700
Telex: 848588

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Cork Gully

Party Plan Business
North of England

The above company organises the sale of china, fancy goods and glassware through a national network of demonstrators.

- Projected annual turnover approx £8 million (net)
- 128 employees
- Stock has a book value of £2.7 million
- The company occupies several leasehold premises.

For further details please contact the Joint Administrative Receiver:
Scott Barnes, Grant Thornton,
St Johns Centre,
110 Albion Street,
Leeds LS2 8LA.
Tel: 0532 455514
Fax: 0532 465055

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The Company operates a plastic bag extrusioo business with:

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For details, contact Peter Mills or Peter Yeldon at the offices of Smith & Williamson, No. 1 Riding House Street, London W1A 3AS. Telephone: 01-637-5377. Fax: 01-631-0741. Telex: 25187.

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Smith & Williamson Securities. Authorised institution under Banking Act 1987. Member of IMRO. Member of the British Merchant Banking and Securities Houses Association

ENGINEERING COMPANY
MILTON KEYNES

The Joint Administrative Receivers of Afton Engineering Limited, a company specialising in high precision metal work for the electronics, music, photographic and communications industries invite offers for the business and assets as a going concern.

Principal features include:
- Turnover approximately £600,000 per annum
- Leasehold premises of some 5,000 sq ft
- CNC punching machines
- Established customer base
- Good reputation for service and reliability
- Skilled workforce of 20

For further information please contact:
M A Halley, Joint Administrative Receiver

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COMMODITIES AND AGRICULTURE

Cocoa pact chief urges output cuts

By Mark Huband in Abidjan

COCOA PRODUCING countries should diversify agricultural output rather than wait for prices to rise, the chairman of the International Cocoa Organisation's council said yesterday.

Speaking in Abidjan, capital of the Ivory Coast, the world's leading cocoa producer, Mr Peter Baron, outlined the new ICCO policy of attempting to increase consumption while encouraging cuts in production.

Mr Baron said: "It is important to concentrate our activities in that area because we think there are many opportunities to increase the consumption of cocoa in the traditional and non-traditional markets."

Currently production of cocoa is exceeding consumption by around 200,000 tonnes a year. World output for the current year is estimated at 2.4m tonnes, while consumption is running at about 2.2m tonnes.

Mr Baron, who is currently on a tour of four west African cocoa producers – the Ivory Coast, Ghana, Nigeria and Cameroun – recognised the failure of the International Cocoa Agreement (ICA) to guarantee prices, by suggesting that production must fall in order to re-establish competitiveness: "It is necessary to encourage the transformation of primary products in the producer countries," he said.

The failure of the ICA last year caused both a political and a financial crisis in the Ivory Coast. The country's Agriculture Minister, Mr Denis Bra Kanon, was sacked in October after 14 years in the post. He was blamed for Ivory Coast joining the ICA, a decision which had long been resisted by the president, Mr Felix Houphouet-Boigny. Now a Minister of State delegated to the president's office, Mr Guy-Alain Gauze, is in charge of cocoa policy, with the intention of keeping a closer presidential eye on the issue.

Under pressure from the World Bank, the Ivory Coast halved the cocoa producer price in September 1989 in an effort to reduce the deficit of the state marketing board, the Caisse de Stabilisation (Caisteh). Currently, the producer price stands at 200 CFA francs a kilogram (£420 a tonne). With world market prices on the London Fox falling as low as £621 a tonne for March cocoa, the prospect of an increase in producer prices appears remote.

A new international Cocoa Agreement is scheduled to be negotiated in September 1990, and after a meeting with President Houphouet-Boigny, Mr Baron said he was hopeful that a new deal could be struck which would help to stabilise prices.

"One can at present be optimistic," he said, "because with the support of the Ivory Coast we can arrive at a satisfactory solution by way of co-operation in the cocoa sector, which means the establishment of a new international accord."

Nigeria's 'commercialised' oil industry

Nicholas Woodsworth on efforts to revive an under-funded sector

AT THE end of November the Nigerian Government officially opened a campaign to reform its much-troubled state-owned enterprises. The aim of "commercialisation", as the policy is known, is to re-organise the country's parastatal companies to run themselves on a profit-and-loss basis without government intervention or subsidy.

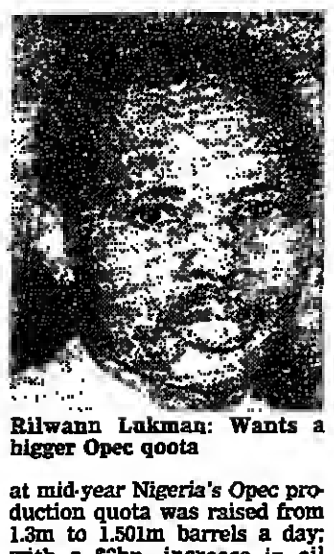
With the introduction last month of special "implementation committees" charged with restructuring its major public sector companies, the Government has embarked on a course it hopes will lead parastatals away from the gross mismanagement and financial insolvency of the past.

For one of Nigeria's largest and most important state companies, however, commercialisation efforts are already well advanced. In January last year, after two years of internal reorganisation, the Nigerian National Petroleum Corporation put 10 newly-created and financially autonomous subsidiary companies into commercial operation.

While observers agree the shift established a basis for improved performance in an organisation that has been characterised as wasteful, inefficient, and non-profit-oriented, commercialisation did not solve NNPC's major problem – a critical lack of funds for investment in vital new projects.

Six months later, however, NNPC took a controversial step that will go some way to relieving financial strain: for slightly more than US$2bn, in June it sold 20 per cent out of an 80 per cent interest it held in a joint venture with Shell, the largest foreign oil company operating in Nigeria.

In the last year the price of crude oil has risen from around $14 to $18 a barrel, and



Rilwanu Lukman: Wants a bigger Opec quota

at mid-year Nigeria's Opec production quota was raised from 1.3m to 1.501m barrels a day; with a $3bn. increase in oil income, Nigeria's annual net oil revenues are calculated to have risen to $8bn. None the less, NNPC – which turns its profits over to the Central Bank – remains under-funded. It continues to remit "cash calls," by which it pays for its share of costs in operations with its foreign joint venture partners, in oil rather than hard currency.

Increased funding for NNPC operations has now become more crucial than ever, and was the main reason for NNPC's equity sale. If the Nigerian oil industry is not to stagnate, NNPC must raise considerable sums for investment in both exploration and downstream projects.

Mr Rilwanu Lukman, the Petroleum Minister, would like to see Nigeria become eligible for a higher Opec quota. He has therefore called for increases in Nigeria's proven reserves from 16bn to 20bn barrels, and a raising of its production capacity from 1.8m to 2.5m barrels a day. Mr Brian Lavers, Managing Director of Shell, believes that as a result of new technology both objectives are realistic, provided NNPC can inject more funds into its joint venture operations.

Nigerian policy in recent years has been to concentrate on downstream development that will allow for diversification and value-adding in the oil industry. In addition to seeking equity in refining capacity overseas, it is now at a critical stage in the financing of three ambitious and expensive projects to exploit natural gas, gas condensate, and gas feedstock for petrochemical production.

Nigeria's liquefied natural gas project, in which NNPC has a 60 per cent share (Shell has 20 per cent, while Elf and Agip have 10 per cent each), will cost more than $2bn. Mr Lavers hopes European and US purchase contracts will be signed early next year, and main construction contracts issued in 1991.

Established as an incorporated company in May with a capital of $1bn, the LNG project will raise 60 to 70 per cent of its financing through loans. The remaining 30 to 40 per cent will be met by equity participation, a considerable challenge for NNPC.

The country's $880m Oso gas condensate project has had financing difficulties from the beginning. Leaders of the unincorporated project, in which NNPC has a 60 per cent interest and Mobil 40 per cent, have pledges from the World Bank and its affiliate the IFC, and are hoping to syndicate loans through Morgan Guaranty and the Union Bank of Switzerland.

Negotiations are being held up, however, on the technicality of the joint venture's right to pledge unlifted condensate – legally the property of the Nigerian state – as security against such loans. Again, funds from NNPC's equity sale could provide greater loan assurance.

While NNPC's petrochemical phase II project appears to be on track, it too has large capital requirements.

Following NNPC's $2.06bn divestment in its joint venture with Shell (in had held 80 per cent and Shell 20 per cent), Shell's portion was increased by 10 per cent, while Elf and Agip each acquired 5 per cent. While the foreign oil partners have expressed satisfaction with their purchase (Agip called it "the deal of the century"), NNPC's loss of 20 per cent of profits from oil lifted by the joint venture has been severely criticised by Nigerians both inside and outside the industry.

The sale was made far too cheaply, critics argued, and had the bid offer been put to third parties rather than to Shell, Elf, and Agip exclusively, a great deal more money would have been raised. The Petroleum Ministry countered that dollar-per-barrel value comparisons with similar sales elsewhere in the world were invalidated by the high profits accrued through Nigeria's royalty and tax regime.

From either point of view, there are several important advantages to the divestment. In a period of volatile oil markets, NNPC has spread its financial risks. The equity sale to Shell, Elf and Agip has strengthened their commitment to LNG, NNPC's most expensive new project. Under the new joint venture arrangement, NNPC's cash calls have been decreased in proportion to its reduced equity holding. Above all, NNPC is $2bn. richer, and the money will provide much-needed finance for its ambitious, and potentially highly profitable, new ventures.

EC warned against relaxing farm curbs

By Bridget Bloom, Agriculture Correspondent

THE EUROPEAN Community must not be tempted into relaxing its current restrictions on farm production by the possibility of exporting to new food markets in Eastern Europe, since to do so would be to undermine the hard-won reforms of the common agricultural policy.

Agra Europe, the independent Brussels-based newsletter, notes in its latest edition that there are already rumblings towards a more expansionary Community farm policy among Farm Ministers: they spent much time at their Farm Council in Brussels last week discussing the possible removal of quotas and price adjustments enshrined in the so-called budget stabilisers at the centre of the CAP reforms.

But, Agra-Europe points out, "before this budding campaign for expansion gathers way, it is worth pointing out that the Community already has substantial excess production of all the main agricultural products which could be switched from conventional commercial (but heavily subsidised) markets to meet the food demand of the east Europeans."

Surpluses in storage may be low, but the EC still produces 12m tonnes of milk above its needs, as well as 250,000 tonnes of beef, 30m tonnes of grain and many Mediterranean products like wine and olive oil. "The subsidised dumping on world markets of these products surplus to domestic consumption forms the bulk of the current annual Ecu28bn (£20bn) cost of the CAP" it notes.

Agra Europe believes that the EC could expand production to meet demand from Eastern Europe without any further encouragement.

For example, the Community's own experts project cereal production rising from the present 162m tonnes (published last week as the probable 1989 cereal harvest) to beyond 180m tonnes but the mid 1990s.

● The Soviet grain harvest last year amounted to 211.1m tonnes, 16m tonnes up on last year but the same as in 1987.

According to figures just published in Moscow for the first time, this equated with 196.4m tonnes dry weight, compared with against 180.2m tonnes in 1988 and an average of 191.1m tonnes since 1986.

Despite the better figures for last year, production still falls far short of what is needed for self-sufficiency, which is some 235m tonnes, a year according to US experts. The balance is currently made good through imports.

Zinc and lead stocks plunge at London Metal Exchange

By Kenneth Gooding, Mining Correspondent

LONDON METAL Exchange zinc stocks fell by 11,475 tonnes or about 13.5 per cent to 73,675 tonnes last week, almost certainly the biggest weekly fall on record. Lead showed an even greater decline in percentage terms. LME stocks fell by more than 20 per cent or 4,650 tonnes to 18,350 tonnes.

Traders suggested that consumers had been taking steps to protect themselves from the possible impact of the strike at Centromin, Peru's largest lead and zinc producer.

The 10-day strike ended last Thursday and the company expects to lift the *force majeure* declared on January 18 towards the end of this week. Company officials estimate that the stoppage cost more than $8m in lost output.

LME WAREHOUSE STOCKS (Change during week ended last Friday) tonnes	
Aluminium	+11,400 to 87,475
Copper	−225 to 104,150
Lead	−4,650 to 18,350
Nickel	−210 to 7,146
Zinc	−11,475 to 73,675
Tin	−250 to 10,295

Consequently, although zinc and lead prices moved up on the LME yesterday, the rises were relatively small. Special High Grade zinc for immediate delivery rose by $15 a tonne to $1,292.50 while cash lead advanced by £5 a tonne to £422.

Traders also said that Vieille-Montagne, part of the Acec-Union Miniere group and the biggest West European producer of the zinc – accounting for about 11 per cent of world production – had taken metal from LME stocks to cover production shortfalls.

VM has been affected by a strike in Canada which reduced supplies of raw materials to all four of its plants which operate on minimum stock levels. VM's small Belgian smelter at Overpelt, is also suffering from technical problems which have reduced its output by 25 per cent. VM has indicated all its problems should be over by the begining of February.

Traders pointed out that LME zinc stocks remained relatively high and were at a six-year peak of 87,200 tonnes only two weeks ago.

On the other hand, LME stocks of lead are now at a 25-month low.

Dutch and Norwegians in gas pipeline study

By Laura Raun in Amsterdam

THE NETHERLANDS and Norway are considering building a 450-kilometre natural gas pipeline from the Ekofisk field in the North Sea to the Dutch coast at a cost of up to Fl2bn (£630m).

Gasunie, the Dutch natural gas utility, and Statoil, the Norwegian state oil company, said yesterday that such a pipeline – which would be the third Norwegian one to the Continent – would start operating in the mid 1990s. A feasibility study is scheduled to be finished by June so that a final decision can be made by the end of the year. Statoil and Gasunie will jointly study a route ending in Eemshaven on the northern Dutch coast and Statoil alone will study an alternative terminating at Emden, West Germany. Gasunie also may build a floating processor.

Norway wants to increase transport capacity for its vast gas reserves in the North Sea. The Netherlands is keen to link the new pipeline to Dutch soil to further strengthen its already well-developed gas transport system.

Norway's existing two pipelines run from its offshore sector to Emden, West Germany, and from the Troll and Sleipner fields to Zeebrugge, Belgium. The Troll-Zeebrugge pipeline is planned for completion by 1993.

Last October Mr Anton Grotens, the head of Gasunie, predicted a gas shortage in Europe by the year 2000, primarily fueled by climbing demand from Southern Europe. Gas also is becoming increasingly popular because it is a relatively clean fuel, he added.

Gasunie is 10 per cent owned by the Dutch Government; 25 per cent each by Royal Dutch/Shell and Exxon and 40 per cent by DSM, the Dutch chemicals company.

Argentine oil earnings soar

By Gary Mead in Buenos Aires

ARGENTINA'S state-owned oil company, Yacimientos Petroleos Fiscales has reported a 111 per cent increase in its earnings from exported oil products in 1989. In US dollar terms 1989 notched up earnings of $349m against the previous year's $165m.

Of the total YPF export volume of 2.56m tonnes, 77 per cent was refined oil products. Argentina has refining capacity surplus to its domestic needs.

Locally-based foreign companies also showed considerably improved figures. Shell, the largest, exported $39m worth of product, a 47 per cent increase over 1988.

Oil imports for 1989 amounted to $85mn, which left Argentina showing a healthy surplus of $330m in the sector.

The Menem administration is taking steps to open up Argentina's oil sector to greater competition. From 1991 private oil companies will no longer have to sell their products to YPF but will be free to offer them to the highest bidder. However, political interests opposed to the gradual easing of YPF into a freer market still threaten to delay such plans.

Bangladesh's big rice crop poses problems

By Reazuddin Ahmed in Dhaka

BANGLADESH IS facing storage problem following a bumper winter rice crop this year.

The country built up a 1.3m-tonne emergency food grain stock at the begining of the last fiscal year to cover against the possibility of another severe flood. But the country has been spared.

As the climate was favourable and there was no flood the winter rice crop has been estimated at 9m tonnes compared with normal annual production of 7.5m tonnes. The country has already cancelled an import order of 350,000 tonnes of wheat because of the storage problem.

Bangladesh's annual requirement of food grains is 18m tonnes on the basis of 15 ounces per head per day consumption for 110m people.

On top of the 9m tonnes from the winter crop the dry season crop may raise the food stock by another 6m tonnes. The rainy season's rice crop and the wheat crop together may bring the country food stock close to self-sufficiency this year.

But this is a temporary phenomenon, say the country's agriculturists. They believe that the weather cycle indicates a drought this year and the next two rice crop may be affected. In that event the food grain shortage may remain at its normal 1.5m tonnes this year.

● Shah Moazzem Hossain, the Deputy Prime Minister, told Parliament yesterday that the country's five major silos and 2,695 warehouses were all full and it needed more warehouses for a further 500,000 tonnes, reports Reuter.

WORLD COMMODITIES PRICES

LONDON MARKETS

ALUMINIUM prices eased on the LME yesterday as stocks in LME warehouses rose by 11,400 tonnes. There was talk in the market of further substantial arrivals of metal over the coming weeks. Copper stocks fell by 225 tonnes, contrary to expectations. But with no firm lead from Comex, prices closed at the day's lows. Comex would need to recover the psychological support level of $1 a lb for March before London was likely to shake off its generally bearish sentiment, analysts said. Nickel edged ahead – production cuts appear to have halted the major bear trend. On the bullion market gold closed unchanged as profit-taking brought it back from the day's high of around $423 an ounce. Dealers said the lower dollar and weak equity values helped to underpin gold's bullish sentiment.

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$16.80-6.90z	+0.10
Brent Blend	$19.92-9.98z	+.175
W.T.I. (1 pm est)	$22.62-2.66z	+.315
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$219-221	+3
Gas Oil	$170-171	+2
Heavy Fuel Oil	$87-89	-1
Naphtha	$201-202	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)⊕	$418.75	
Silver (per troy oz)⊕	524c	
Platinum (per troy oz)	$515.15	+3.65
Palladium (per troy oz)	$136.65	+0.75
Aluminium (free market)	$1465	
Copper (US Producer)	100⅝-104c	-½
Lead (US Producer)	40.5c	
Nickel (free market)	300c	
Tin (Kuala Lumpur market)	17.51r	
Tin (New York)	304c	+3
Zinc (US Prime Western)	65¼c	
Cattle (live weight)†	110.99p	+0.40*
Sheep (dead weight)†	206.16p	-0.77*
Pigs (live weight)†	87.83p	+4.12*
London daily sugar (raw)	$356.4x	-4.2
London daily sugar (white)	$432.0x	+2.5
Tate and Lyle export price	£327	-5
Barley (English feed)	£112.5w	-0.5
Maize (US No. 3 yellow)	£128.5w	
Wheat (US Dark Northern)	£135	
Rubber (spot)♥	52.50p	-0.75
Rubber (Mar)♥	55.50p	-0.75
Rubber (Apr)♥	56.50p	-0.75
Rubber (KL RSS No 1 Feb)	226.5m	+1.0
Coconut oil (Philippines)§	$427.5x	
Palm Oil (Malaysian)§	$285w	
Copra (Philippines)§	$275	-5
Soyabeans (US)	£169	-2
Cotton "A" Index	73.70c	-0.35
Wooltops (64s Super)	568p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Feb/Mar. t-Jan/Feb. v-Jan/Mar. w-Feb. z-Mar. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ⊕ Bullion market close. m-Malaysian cents/kg.

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low
Mar	629	635	637 627
May	642	649	651 640
Jul	655	663	663 654
Sep	671	679	680 671
Dec	695	702	704 694
Mar	714	720	723 713
May	729	734	738 726

Turnover: 4366 (5357) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan 26 765.16 (760.22):10 day average for Jan 29 756.9 (758.33)

COFFEE – London FOX (£/tonne)

	Close	Previous	High/Low
Jan	578	581	587 573
Mar	588	594	602 585
May	592	600	606 590
Jul	604	610	614 600
Sep	615	623	627 613
Nov	635	639	644 643
Jan	650	658	660 650

Turnover: 5097 (4194) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan 26: Comp. daily 62.91 (62.65). 15 day average 62.47 (62.56)

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	329.20	327.80	331.00 326.40
May	329.20	329.00	331.00 327.00
Aug	327.20	326.40	328.00 325.80
Oct	317.80	318.40	310.00 316.40
Dec	310.00	315.00	310.00
Mar	294.40	293.00	294.20 294.00
White	**Close**	**Previous**	**High/Low**
Mar	430.5	426.0	431.0 391.0
May	426.5	425.0	429.0 389.0
Aug	432.5	429.5	433.0 428.5
Oct	399.0	396.5	399.0 396.5
Dec	373.0		372.5 372.5
Mar	367.5	364.5	364.9 363.5
May	367.5	364.5	364.5 364.5

Turnover: Raw 3361 (14835) lots of 50 tonnes. White 1087 (420)
Paris- White (FFr per tonne): Mar 2442, May 2445, Aug 2480, Oct 2305, Dec 2180, Mar 2150.

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low
Mar	20.05	19.73	20.05 19.73
Apr	10.51	19.20	18.52 19.20
May	10.01	19.90	19.03 18.91
Jun	18.70	18.70	18.70
IPE Index	19.70	19.62	

Turnover: 8018 (6627)

GAS OIL – IPE ($/tonne)

	Latest	Previous	High/Low
Feb	169.50	168.25	171.00 166.50
Mar	167.50	164.00	167.50 163.50
Apr	161.50	161.50	162.00 160.00
May	160.00	158.25	160.00 158.50
Jun	157.50	157.75	158.50 155.30
Jul	158.50	157.00	158.50 156.50
Oct	162.50		162.50 161.50

Turnover 4299 (5453)lots of 100 tonnes

TEA

A TOTAL OF 33,286 packages was catalogued including 11,180 offshore, reports the Tea Brokers' Association. Better quality Assams sold at fully firm rates with Pekoe Dusts a strong feature. Mediums eased by 3p to 5p per kilo. African teas came to a selective market. Brightest descriptions sold well but medium sorts declined by 5p to 10p. The plain selection of Ceylons on offer attracted little support except for a few brighter lines. In the offshore auction CIF teas met improved demand. Quotations: quality 220p nominal (220p nominal), medium 150p (156p), low medium 109p (112p).

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 0,050 tonne
Cash	1443-6	1458-60	1448	1445-6		
3 months	1466-7	1477-8	1480/1465	1468-9	1467-8	-
Copper, Grade A (£ per tonne)						Ring turnover 13,900 tonne
Cash	1335-7	1359-61	1347/1344	1344-5		
3 months	1352-3	1373-4	1365/1342	1358-9	1353-4	-
Lead (£ per tonne)						Ring turnover 4,525 tonne
Cash	421-3	416-8	424.5/423	423-3.5		
3 months	414.5-5.0	411-2	417/409	416-7	412-4	-
Nickel ($ per tonne)						Ring turnover 378 tonne
Cash	6425-50	6375-425	6400	6400-50		
3 months	6300-25	6275-300	6450/6225	6350-70	6200-25	-
Tin ($ per tonne)						Ring turnover 525 tonne
Cash	6555-65	6580-610	6605/6600	6590-600		
3 months	6690-5	6710-30	6755/6680	6720-30	6680-90	-
Zinc, Special High Grade ($ per tonne)						Ring turnover 8,350 tonne
Cash	1290-5	1276-8	1300/1297	1295-7		
3 months	1288-90	1278-80	1305/1286	1290-3	1285-7	-
Zinc ($ per tonne)						Ring turnover 1,800 tonne
Cash	1285-95	1260-70	1310/1308	1305-10		
March 30	1250-60	1230-40		1270-80		-

LME Closing £/$ rate: SPOT: 1.6793 3 months: 1.6533 6 months: 1.6323 9 months: 1.6107

POTATOES – BFE (£/tonne)

	Close	Previous	High/Low
Feb	144.0	145.0	
Apr	201.0	201.5	201.7 199.8
May	226.0	225.0	

Turnover 107 (199) lots of 40 tonnes.

SOYABEAN MEAL – BFE (£/tonne)

	Close	Previous	High/Low
Apr	132.50	134.00	133.00 132.50
Aug	129.00		129.00

Turnover 105 (1676) lots of 20 tonnes.

FREIGHT FUTURES – BFE ($10/index point)

	Close	Previous	High/Low
Jan	1645	1647	1647
Feb	1915	1621	1917 1615
Apr	1648	1650	1648 1643
Jul	1387	1393	1390 1387
Jan	1505		1505
Apr	1520		
BFI	1548	1651	

Turnover 193 (144)

GRAINS – BFE (£/tonne)

Wheat	Close	Previous	High/Low
Mar	114.40	114.75	114.50 114.35
May	118.40	118.55	118.65 118.35
Barley	**Close**	**Previous**	**High/Low**
Mar	108.30	108.70	108.50
May	110.40	110.65	110.65 110.40

Turnover: Wheat 132 (212), Barley 43 (82).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Feb	103.5	110.0	
Apr	113.5	114.5	
Jun	113.5	116.0	113.5
Aug	115.0	115.0	
Oct	114.5	116.0	

Turnover 5 (63) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	418½-419	249-249½
Opening	420¼-420¾	250¾-251¼
Morning fix	420.75	250.596
Afternoon fix	418.75	249.657
Day's high	422½-423	
Day's low	417¼-417¾	

Coins	$ price	£ equivalent
Mapleleaf	427-432	254-257
Britannia	427-432	254-257
US Eagle	427-432	254-257
Angel	427-432	254-257
Krugerrand	416-419	247½-249½
New Sov.	99-101	59-60
Old Sov.	99-101	59-60
Noble Plat	521.35-529.55	310.70-315.60

Silver fix	p/fine oz	US cts equiv
Spot	312.65	525.60
3 months	323.90	536.15
6 months	335.85	547.20
12 months	358.10	570.65

TRADED OPTIONS

Aluminium (99.7%)	Calls Mar	Calls May	Puts Mar	Puts May
Strike price $ tonne	Mar	May	Mar	May
1350	112	127	2	0
1450	35	58	24	38
1550	5	20	93	97
Copper (Grade A)	**Calls**		**Puts**	
2150	125	135	23	56
2250	64	83	61	102
2350	27	47	123	164
Coffee	**Mar**	**May**	**Mar**	**May**
550	40	55	3	14
600	10	27	23	36
650	1	11	64	17
Cocoa	**Mar**	**May**	**Mar**	**May**
600	33	58	4	16
650	6	30	27	39
700		13	71	71
Brent Crude	**Mar**	**Apr**	**Mar**	**Apr**
1900		91	7	53
1950	64	55	20	73
2000	25	35	[illegible]	[illegible]

US MARKETS

THE PRECIOUS METALS opened firm on mixed buying but eased as the US Dollar strengthened and as the US stock market weakened, reports Drexel Burnham Lambert. Long-liquidation depressed prices after the markets failed to follow-through on early strength. Late trade buying and local short-covering pulled prices back from the lows late in the session. Copper, too, saw general long-liquidation as the market failed to follow-through on early mixed buying. Refiner demand strengthened crude oil futures, in light volume, while unleaded gasoline continued to reflect fundamental strength. Heating oil futures tended to follow crude oil and gasoline. Short-covering extended gains. Coffee eased with light origin selling. Sugar featured underlying support from possible physical offtake, although prices were on the defensive from price-fix selling. Cocoa eased with technical selling as the market failed to significantly penetrate overhead resistance beginnning at 1000 basis March.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jan	419.1	420.1	419.0	419.0
Feb	410.2	420.3	422.0	416.5
Mar	422.0	423.0	422.0	422.0
Apr	425.1	426.1	427.5	422.1
Jun	430.9	431.9	434.0	428.0
Aug	436.1	437.1	438.0	434.0
Oct	441.5	442.5	0	0
Dec	446.7	447.7	449.0	444.3
Feb	452.1	453.1	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Feb	525.0	0	0	0
Apr	523.9	525.0	529.0	521.1
Jul	530.4	530.1	534.5	530.1
Oct	536.4	536.6	538.5	538.5
Apr	550.6	550.4	551.0	551.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jan	521.5	522.2	0	0
Feb	521.5	522.3	0	0
Mar	525.3	526.0	527.5	522.0
May	533.6	534.4	536.0	530.5
Jul	541.7	542.5	544.5	538.5
Sep	550.3	551.1	550.0	549.0
Dec	562.2	563.0	564.0	560.0
Jan	565.6	566.4	0	0
Mar	574.3	575.1	575.1	575.0
May	582.3	583.1	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Jan 29	Jan 26	mnth ago	yr ago
1781.7	1786.0	1811.1	1963.1

DOW JONES (Base: Dec. 31 1974 = 100)	Jan 26	Jan 25	mnth ago	yr ago
Spot	127.08	127.05	127.63	140.07
Futures	127.40	128.27	128.74	141.76

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	97.75	100.35	101.65	98.00
Feb	97.45	199.10	.60	97.20
Mar	96.75	98.36	100.20	96.30
Apr	96.35	97.45	98.00	96.60
May	96.15	97.25	98.75	96.30
Jun	95.30	96.50	95.80	95.80
Jul	95.35	96.25	97.10	96.00
Aug	95.50	96.80	0	0
Sep	94.55	96.25	96.80	95.20
Oct	94.15	94.80	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Mar	22.67	22.66	22.75	22.38
Apr	21.83	21.67	21.91	21.57
May	21.38	21.23	21.45	21.18
Jun	20.97	20.86	21.00	20.85
Jul	20.65	20.55	20.73	20.53
Aug	20.35	20.26	20.36	20.25
Sep	20.15	20.08	20.10	20.01
Oct	19.96	19.86	20.00	19.89
Dec	19.83	19.66	19.83	19.66

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Feb	6045	5960	6055	5915
Mar	5860	5776	5860	5740
Apr	5605	5538	5620	5585
May	5435	5385	5440	5380
Jun	5300	5255	5320	5255
Jul	5290	5225	5290	5230
Sep	5420	5360	5420	5420
Oct	5500	5425	5500	5300

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	966	992	1001	962
May	962	982	989	967
Jul	976	994	1000	970
Sep	992	1011	1016	988
Dec	1016	1031	1031	1015
Mar	1038	1047	1051	1050
May	1061	1061	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	80.80	01.52	82.25	80.70
May	82.00	82.98	83.30	82.00
Jul	83.85	84.70	85.06	83.70
Sep	85.80	86.43	86.75	85.75
Dec	86.13	86.45	86.85	86.00
Mar	90.23	90.50	90.50	90.50
May	92.25	91.50	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	14.87	14.86	14.96	14.78
May	14.85	14.85	14.94	14.74
Jul	14.71	14.71	14.76	14.60
Oct	14.28	14.28	14.34	14.10
Mar	13.62	13.61	13.55	13.45
May	13.44	13.43	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	64.68	64.51	65.15	64.15
May	66.15	65.95	66.60	65.65
Jul	66.80	66.35	67.00	66.10
Oct	65.06	65.20	65.25	64.96
Dec	63.92	63.96	64.30	63.85
Mar	64.75	64.70	64.70	64.70
May	65.30	65.30	66.00	65.00

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	197.60	196.80	198.95	193.50
May	195.80	196.50	195.75	193.70
Jul	195.45	196.60	197.80	193.05
Sep	189.25	188.25	190.00	187.00
Nov	183.00	184.00	183.00	179.00
Jan	191.00	181.00	181.00	191.00
Mar	179.60	[illegible]	[illegible]	[illegible]
May	180.50	180.80	[illegible]	[illegible]

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	563/4	558/4	564/0	553/4
May	575/4	570/2	576/0	566/2
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Sep	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	[illegible]	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
Jul	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]

TECHNOLOGY

Clive Cookson reports on a biotechnological effort to satisfy consumer tastes

A peach of a debate about nature

The scent of peaches wafts through the gardens outsida the pretty 17th century town of Naarden, in the richest horticultural region of Holland.

But it's not the fruit growing season. And surely real peaches wouldn't smell *that* strongly?

The source of the aroma turns out to be Quest International, Unilever's specialist flavours and fragrances company based at Naarden. With sales of $650m in 1988, increasing annually by 10 per cent, Quest is one of the fastest growing but least well known parts of the Anglo-Dutch corporate empire. It is already number two in the world league of flavour and fragrance manufacturers, behind IFF of the US, and aiming to take first place during the 1990s.

The research priority for all the big players in the $3bn-a-year food flavouring sector is to develop ways of meeting the growing demand for "natural" flavours. Consumers are turning away from artificial food additives, synthesised by organic chemistry from materials derived ultimately from the petrochemical industry.

"Building a biotechnology base for Quest is the top priority for our R&D," says Thomas Walsh, the company's American chairman.

The peach-perfumed atmosphere in Naarden is ona sign of Quest's biotechnology R&D programme (see accompanying article). Other parts include:

- A new generation of "natural" meat flavours that are not derived from meat extracts but from yeast cells broken down by enzymatic hydrolysis.
- Use of enzymes to improve the qualities of "gums", which stabilise and thicken the texture of processed food. For example, guar gum, a cheap stabiliser, is converted to locust bean gum, a far more expensive material extracted from carob trees, by an enzyme called alpha-galactosidase which Quest makes from genetically engineered yeast.
- Natural colours produced by yeast. Salmon farmers add the synthetic pink asta-xanthin to fish feed to give their salmon the pink flesh characteristic of wild fish. Quest has produced a natural replacement for this.

Other leading flavour manufacturers have similar biotechnology programmes.

Ferdinand Näf, research director at Firmenich, the Swiss flavour and fragrance company, which has previously concentrated on organic chemistry, says: "We moved into biotechnology later than some others, but we have made a heavy commitment to our biotechnology department and the first generation of products will be coming out very soon."

"The cry of the public for 'truly natural products' has seriously set back chemical research in the flavour field," says Laszlo Unger, a leading industry analyst based in Geneva. He expects biotechnology increasingly to dominate food flavour manufacturing during the 1990s.

However as Bill Zick, flavour marketing manager et IFF, points out, neither the industry nor consumer advocates nor regulatory authorities have properly addressed the key question: what is a natural flavour? "1990 is going to be a very important year for the industry, in which the definition of 'natural' will be made very much tighter."

Although national regulatory bodies, such as the Food and Drug Administration in the US, have tried to define "natural" flavour, the closest to an accepted international definitiou comes from the World Health Organisation's Codex Alimentarius: "Any substance or preparation with flavouring properties acceptable for human consumption obtained exclusively by physical, microbiological or enzymatic processes from material of vegetable or animal origin . . ."

What that mouthful means is that a meat or fruit flavour derived from a strain of yeast occurring in nature is "natural". But the distinction between natural and artificial is less clear when considering a flavour produced from a genetically engineered yeast not found in nature.

What is clear is that a flavour component will be treated differently if it is made by synthetic chemistry from a base of petrochemicals, rather than through biotechnology. In the first case it is called "nature identical" rather than "natural".

Although most of the flavour industry's biotechnology R&D is directed at production based on micro-organisms, particularly yeast, there is also a lot of research into plant cell cultures. For example, botanists at Edinburgh University, led by Professor Mike Yeoman, are culturing cells from chilli peppers to produce capsaicin, the spice which gives foods a "hot" taste.

But Japanese companies, led by Mitsui and Kanebo, seem to be ahead of their European and American competitors in the commercialisation of plant culture technology. The first commercial product was Mitsui's shikonin, e red colour traditionally extracted from *Lithospermum* roots and now made from *Lithospermum* cells in a fermenter.

In Europe, Danisco of Denmark is working with Plant Science Limited, a Sheffield University company, ou a Eureka project to produce fruit flavours from plant cell cultures. Ray Creswell, project manager, says that cell cultures have been established from several different fruit, including orange, blackcurrant and cherry, although it will not be possible to assess their commercial potential as flavour sources for another 18 months.

Quest for freshness components

Peach is a good example of the way Quest is using biotechnology to make natural flavours. The food industry's demand for peach is increasing rapidly – strawberry is regarded as somewhat passé and peach is becoming fashionable.

Whereas a perfume such as Chanel Number 5 includes "fantasy odours", people want a fruit yoghurt to taste of real fruit. Peaches are the obvious source of peach flavour, but concentrated, processed fruit loses some quality and lacks freshness. So food manufacturers need to add components of fresh peach flavour to reinforce the taste of the processed fruit.

Quest started by breaking down the flavour of the best fresh fruit into its chemical components. For the analysis, the Naarden researchers stoned and mashed 750 kg of ripe peaches from the South of France. They extracted the natural flavour chemicals in an organic solvent and, after evaporating the solvent, ended up with just 1.3 grams of "aroma concentrate".

The scientists separated this concentrate into "fractions", by means of high pressure liquid chromatography followed by gas chromatography (GC). Using their own noses – no electronic nose has yet been developed to match the human organ – they sniffed each fraction in turn through a special smell hole in the GC machine.

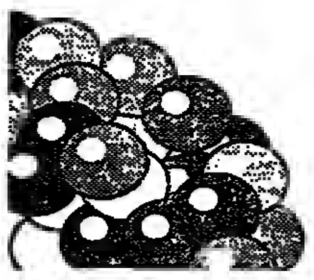
"Organoleptically" important fractions (the ones judged likely to contribute significantly to the peach flavour) were then analysed chemically by a combination of mass spectrometry and infra-red and nuclear magnetic resonance spectroscopy. So far more than 400 chemical components of fresh peach flavour have been identified and many more are still being studied.

A group of components called lactones are especially important and the Quest researchers are focusing on these as candidates for production through biotechnology. They have already found a natural strain of the food grade yeast *Saccharomyces cerevisiae* which makes one particular lactone, gamma-decalactone, in an industrial fermenter.

The process involves feeding the yeast with ricinoleic acid, obtained from castor oil, which it "bio-converts" into gamma-decalactone. After fermentation, the lactone is isolated by simple extraction and distillation.

Gamma-decalactone is going into commercial production at one of Quest's factories in Ireland and a second important component of peach flavour, delta-decalactone, will follow.

A researcher tends pilot plant fermenters at Quest's biotechnology centre



WORTH WATCHING

Edited by Della Bradshaw

Speed of light in a computer

AN EXPERIMENTAL computer, which processes information using light rather than electricity, has been demonstrated by AT&T Bell Laboratoriea of the US.

This optical computer system, claimed to be a world first, is e dinoseur in terms of processing speed — it is only as powerful as the chips lo a washing machine. But because light travels more quickly than electricity, optical computers should be able to process more than 1,000 times as much data as their electronic brethren.

The AT&T system is based on a group of gallium arsenide, optical switching alements, each with e potential processing speed of 1bn pieces of information every second. The devices rely on molecular beam epitaxy, where materials ere built up ona atomic layer at a time. Each chip has 1,700 leyers.

Commercialisation will depend on advances in lasers. Davelopments are likaly to be evolutionary rather than revolutionary, with optical processing alements progressively finding their way into electronic systems over the naxt decade.

Initial exploitation is likely to be in telecommunications, where optical computing would be combined with optical fibre cables, and in parallel processing computers. These machines can handla huge amounts of deta by splitting it into streams which are processed in parallel.

Sharpening up TV information

A SHARPER, more colourful television information system has been developed by a Norwegian company, Link Communication Systems (LCS), of Oslo, writes Lynton McLain.

The teletext system has 600 times as many colours and is 20 times as sharp as existing teletext systems, allowing designers greater scope with complex and intricate shapes in lenguages, including Japanese and Arabic, that would not reproduce well on current teletext systems.

Existing teletext has seven colours. The ConCept 3 design from LCS, based on a European standard celled Cept 3, can reproduce 4,096 colours, up to 32 of which can be displayed simultaneously.

The screen resolution of the LCS teletext is 110,400 picture elements per screen, compared with the 5,520 of existing teletext systems

LCS is working with Granade Business Services to market the system, especially to hotels. Tha first installation is at the Hyatt Carlton Tower Hotel, London.

The healing power of mould

MOULD la set to grow a new image. Instead of an unsightly and unloved addition to loaves of bread, it could promote the healing of wounds.

A team at the British Textile Technology Group (BTTG), in Manchester, has begun a two-year programme to see if micro-fungi cen hava healing properties when made into medical dressings. The researchers are particularly keen to analyse whether derivatives of the fungus are more effective than dressings made from seaweed (alginates).

The wonder ingredient found in the micro-fungus is chitin, a starch which is also found in tha shells of fish, such as oysters or crabs. The advantage of the fungal version is that it grows in microscopic filaments and, therefore, could be more easily converted into dressings than the powder formula derived from shells.

Extending the electric car

ALUPOWER of Kingston, Ontario, has developed aluminium-air fuel cells that have the potential to give alectric cars a range of 300 km, or more, without recharging, writes Robert Gibbens.

The recyclabla fuel cells use a centimetre-thick sheet of aluminium alloy immersed in an alkaline solution. Thia interacts with oxygen to free stored energy as electricity. The alloy sheet is replaced periodically.

A Chrysler mini-van will be converted to test the fuel cells next year.

The Alcan Aluminium subsidiary says the new light fuel cells would be used with lead-acid batteries to offset the high cost of the aluminium-air cells. The combination would bring the propulsion costs to about the same as petrol.

Theoretically, the naw fuel cells alone could provida a vehicle with a 2,000 km ranga without recharging.

A bleeper that tells the time

FIRST it was the portable phone. Then came the electronic diary. But the latest alectronic badge of yuppiedom must surely be the wrist-watch pager.

In the UK, Mercury Paging will start selling the digital watch-cum-pager from Motorola, of the US, in tha spring. The two-ounce timepiece haa a liquid crystal display which reveals the time in the top half and the day and date underneath.

When e message is sent, tha wrist-wetch "bleeps". The message — a phone number, for example — can either be called up on the bottom half of the display or stored, to be looked at later.

- Have blaeper, will travel is the messaga for the telephona companies of Europe.

Fourteen of them hava got togethar to set up a European messaging system, code-named Ermes, end more are signing up all the time. Ermes will enable messagas to ba relayed — from the UK to Turkey — over the international telephone networks.

The same 15 radio channels in the VHF wevebands hava been allocated for the service throughout tha participating countries, so that a pagar bought in one country will work in another.

In the UK, sevan paging companies will be offering euro-services by the end of 1992, with tha effort co-ordinated by the Department of Trade and Industry.

CONTACTS: AT&T: US, 201 949 5568. LCS: Norway, 2 572 626. Granada: UK, 0296 84321. BTTG: UK, 061 445 8141. Alupower: Canada, 613 549 4500. Mercury Paging: London, 528 2500. DTI: London, 215 5000.

LONDON SHARE SERVICE

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BANKS, HP & LEASING

1989/90 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
*303	216	ANZ SA1	290	–1	44c	1.4	7.3	9.7
191	134	Abbey National 10p	183	+3	L7.7	2.7	5.6	7.5
*282	120½	Allied Irish Ord	267	–4	‡n068%	3.3	3.0	13.8
£13½	£11½	Algemene Fl 10	£12½	+¼	028%	2.0	7.4	6.8
*80	61	Anglo Irish	73	.....	018.7%	2.7	6.0	10.0
81	57	Ansbacher (H.) 1p	75	+3	2.0	–	3.6	–
£72¼	£38½	Bancaire Cie Fr100	£61½	–¼	Q1.2¼%	–	2.1	–
£46½	£35¾	Banco Bilbao Viz	£39¾	.....	035.7%	2.0	3.5	14.4
£33	£26¾	Banco de Santander	£27½	.....	021%	2.4	2.9	14.3
*296	169	Bank Ireland Ir£1	269	–5	‡nQ12.3%	3.2	4.3	9.2
£19½	£17½	Bank Leumi	£19½	...	–	–	–	–
350	345	Bank Leumi (U.K.)	345	....	‡13.5	–	5.2	–
125	88	Bank Scotland	115	+2	‡3.8	3.6	4.4	8.3
111¼	95½	Do. 9¼pc Irrd Pf	97½	+½	9¼%	–	12.6	–
*67	49	Bank of Wales	54	.....	2.8	1.6	6.9	11.3
*582	404	Barclays £1	559	+5	123.0	3.5	5.5	6.4
31	19	Benchmark 20p	20	+1	1.63	1.0	10.8	11.5
363	285	Brown Shipley £1	321	+1	‡10.5	–	4.4	–
455	325	Cater Allen £1	413	+3	23.5	–	7.6	–
259	157	Chancery	174	.....	‡8.0	2.8	6.1	7.7
£23	£14½	Commerzbk DM10	£21¼	+⅛	019%	–	3.1	–
*£29	£22¾	C'hgn Hbk Kr100	£25¼	.....	‡Q15%	–	5.4	–
£16¾	£10¼	Dai Ichi KBk Y50	£12⅝	+⅛	‡Q16%	8.8	0.3	42.7
*£314¼	£156¼	Deutsche Bk DM50	£291½	+¼	024%	–	1.5	–
£22¼	£17¾	Esoirito Santo	£19½	–⅝	075c	3.3	2.3	13.3
260	182	First Nat. Fin. 10p	218	+2	13.0	♦	8.0	♦
134	90	FNFC 6.5pc CnRedPref	111	.....	6.3%	–	7.6	–
£16¾	£13½	Fuji Bank Y50	£14¼	.....	015.6%	4.2	0.2	–
325	230	Gerrard & National	285	+4	18.5	–	8.7	–
154	118	Guinness Mahon 10p	154	.....	‡2.1	–	1.8	–
300	197	Hambros 20p	288	+2	‡10.0	–	4.6	–
116	90	Do. 7.5pc Cv Pf	115	.....	7½%	–	8.7	–
60	39	HK & Shang HK$2.50	56	–½	H036c	–	5.2	–
495	423	Joseph (Leo) £1	478	.....	15.65	–	4.4	–
145	115	King & Shaxson 20p	138	.....	9.25	–	8.9	–
422	277	Kleinwort Benson Grp	406	.....	14.0	–	4.6	–
305	213	Lloyds £1	291	+8	‡n11.2	4.5	5.1	5.8

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

For Audio Fidelity see Wharfdale

[illegible]

ELECTRICALS – Contd

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LONDON STOCK EXCHANGE

Firm start to the new trading account

SHARE PRICES continued to move ahead in London yesterday as a firm pound supported the more optimistic views on domestic interest rates prompted by Friday's news of a narrowing in the UK monthly trade deficit. Turnover was light, however, and the market lost momentum after Wall Street opened the new session with a somewhat unexciting response in early trading to the budget statement from President Bush.

The investment institutions were again selective buyers of good quality stocks. Bank stocks attracted interest and there was ready support for a handful of speculative situations among manufacturing issues. Traders believed that a mixed – buy and sell – trading programme worth around £100m was under way; BZW, the UK investment bank, denied suggestions of involvement.

Account Dealing Dates		
*First Dealings:		
Jan 15	Jan 29	Feb 12
Option Declarations:		
Jan 25	Feb 8	Feb 25
Last Dealings:		
Jan 26	Feb 9	Feb 23
Account Day:		
Feb 5	Feb 19	Mar 0

*New time dealings may take place from 8.00 am two business days earlier

Traders were poised for a firmer opening as London equities started the new trading account on the back of a strong performance in Tokyo. But in the event, the Footsie showed only a small gain in the first half hour of full trading and this largely reflected a batch of ex-dividend quotations in leading shares.

However, the market soon moved ahead, led at first by bank stocks which responded favourably to publication by the Bank of England of a new framework for third world debt provisions. At best, the market was showing a gain of nearly 19 points on the Footsie scale.

A number of firm features developed, including Wellcome, which expects official ruling today in the US on possible extension of Retrovir's usage, and Tate & Lyle, the food group. Trading volume was thin, however, and traders commented that London might need further evidence of improvement in the Tokyo and New York stock markets before extending its recent recovery. The market still has to face the February round of annual profits statements from UK companies which is expected to bring some uncomfortable disclosures.

With Wall Street erratic in early deals, London settled below the day's best levels for an uneventful close to the session. At its final reading of 2,328.8, the FT-SE Index was 14.3 higher on the day.

Seaq volume of 420.4m shares compared with 552.7m on Friday. Daily Seaq totals take in both inter-dealer and retail business; more detailed statistice from the Stock Exchange show that on Friday, retail business topped the £1bn mark regarded as the sign of a healthy equity market.

With the exception of today's publication of the latest survey of UK industrial opinion by the Confederation of British Industries, the near term outlook is featured by developments in the US, notably the State of the Union address from President Bush on Wednesday.

New views unsettle Unigate

Profits downgradings left Unigate weaker in busy turnover. Mr Richard Workman at Hoare Govett cut his forecast for the current year from £106m to £102m, saying that Wincanton, a Unigate division, was having a tough time in the motor business especially on the commercial vehicle side.

He added that there had been heavy investment in a poultry processing plant which was experiencing delaye in coming on stream. Finally, margins in the US cheese business were being squeezed as the company found it hard to pass on to customers recent increases in the cost of milk. He said that the shares were expensive - "on fundamentals they are still 5 to 10 per cent too high," although this reflected a small bid premium.

Dealers said there had been other downgradings, and mentioned Cazenove as having cut its forecast from £110m to £100m; Cazenove would not comment, however. Unigate fell 8 to close at 290p, only a penny above the day's low. Trading volume was high at 4m shares, roughly three times a typical daily turnover. A block of 1.1m shares was crossed and another block of 1m registered on the Seaq ticker – sold into the market, according to dealers.

Blue Arrow gloom

Blue Arrow's reorganisation proposals saw the shares slip a penny to 89p. Among other things the company revealed a 13 per cent decline in profits. It did not pay a dividend and analysts said that it would only begin to pay dividends again after a promise of re-incorporation in the US was fulfilled.

Ms Lorna Tilbian at S.G. Warburg, and Mr Andrew Mills of BZW, agreed that the alternative was either to sell property – difficult because the property market is depressed – or to sell UK operating divisions such as Brook Street, also difficult because their trading outlook is uncertain. Ms Tilbian added that she considered the sale of such subsidiaries as Brook Street was unlikely. She struck an optimistic note on the company which she said was getting the bad news out of the way.

The Bank of England's new guidelines on third world debt provisioning, the "matrix," was greeted with widespread but largely minor gains in bank shares as dealers and analysts said they were unsure of the tax treatment of the provisions. The banks are scheduled to start announcing preliminary figures later this month.

Lloyds Bank were the best performing shares, adding 8 more to 291p on turnover of 1.9m, still boosted by talk that an asset disposal, with Canadian interests mentioned as a possibility, could be imminent. Barclays rose 5 to 559p on 1.1m, Midland 3 to 379p and NatWest 2 to 339p.

Standard Chartered, one of last week's market favourites on takeover talk, retreated as speculators sold out on the idea that the stock had gone too far on no news. At the close the shares were 8 off at 598p with turnover at 1.8m. But traders remained reluctant to sell the shares short; "there has been substantial buying of the shares from the far east," said one.

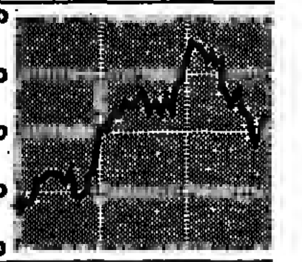
Royal Bank of Scotland, talked of as a bid target for most of last year, resumed their upward path after weekend press comment, closing 5½ firmer at 208p on turnover of 2.6m. Recent hints suggested that a French predator, Banque Nationale de Paris could be acquiring a stake in the Scottish bank.

Legal & General were 4 higher at 410p after County NatWest put the stock back on its buy list – "it offers a 20 per cent yield premium, dividend growth of 35 per cent over the next two years and its up to date appraisal value is estimated to be almaost twice the present share price," said Mr David Nisbet, the County analyst. Sun Life rose late to close 10 up at 1325p.

Composite insurers were mixed, despite a round of profits downgrades by BZW. Guardian Royal moved up 5 to 245p albeit in thin turnover of 889,000 shares.

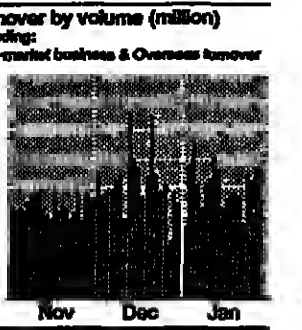
Wellcome continued to advance on hopes that the advisory committee of the US Food and Drug Administration would recommend approval for the Aids drug Retrovir to be used with carriers of the Aids virus who do not show symptoms of the disease. The decision is expected late today. The shares were 29 up at one point, but closed 14 better at 722p. A shortage of stock squeezed Reckitt and Colman 26 higher to 1239p.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



Weekend press reports that ADT would challenge the Government's golden share in BAA, where ADT has an 8.2 per cent stake, helped BAA climb 16 to 397p. But volume was moderate at 1.1m shares, and dealers said that several pence of the rise was a consequence of attempts to buy a large block of call options.

The sale of Milford Docks by third market-quoted Seacon Holdings to the Milford Haven Port Authority for £5.7m cash, left Seacon's shares 15 higher at 153p.

The oil sector extended its recent advance after further publicity of rising crude oil prices. The latter were some 20 cents a barrel higher at the close. BP, where turnover reached 8.8m shares, were persistently bought after press comment and settled 2 firmer at 334p. Shell moved up 7 to 468p on 2.8m.

LASMO were well supported at 598p after Goldman Sachs labelled the stock a long term buy, saying the shares remained one of the most attractive stocks in the UK exploration and production sector.

Enterprise Oil edged up 2 to 654p in light turnover but dealers noted that 1989 figures are due today from Elf, the French state-owned oil company which has a 25 per cent stake in Enterpriee, acquired from LASMO late in 1988. There has been speculation that Elf would eventually bid for Enterprise, as well as persistent hints that ICI was about to sell its 24.9 per cent holding in Enterprise. Specialists said Elf was expected to produce profits in the region of FFR8-9bn compared with last year's profits of FFR7.2bn.

British Gas were 2 up at 222p ex dividend but turnover was a much reduced 3.4m shares. Kelt Energy closed 3 higher at 30½p after revealing a loss of £1.05m compared with a profit of £467,000.

An attempt to place a further 2¼m shares in United Newspapers proved unsuccessful, according to market traders, the share price losing 2 to 424p. Earlier in the month a similar placing, at 425p, was several times oversubscribed.

There were strong suggestions late last night that the 29.9 per cent stake held in USM-quoted Trilion by Brent Walker had been placed. Trilion closed unchanged at 46p and Brent Walker 7 higher at 352p. The water stocks attracted persistent but generally small-scale buying interest. Mr Nigel Hawkins at Hoare Govett said the water stocks continued to offer good solid yields, averaging 40-45 per cent premiums to the market and highlighted the "secure nature of the water business." South West Water proved the best performer, adding 4 at 180p, while rises of 3 were common to Anglian, 175p, Southern, 157p, and Wessex, 177p. The Package put on 23 to £1623.

In the property sector, Laing Properties enjoyed another good day, moving up 24 to 585p at one stage, then dipping to 571p before closing at 580p. Interest in the stock was widespread, following weekend press comment and the announcement by private company Chelsfield that it might consider a bid. There were few sellers.

Another stock buoyed by bid speculation was British Land, still regarded as being ripe for either a takeover or a big restructuring before long. Speculative interest moved the shares up 4 to 401p.

The property sector as a whole benefited from publicity given to the generous discounts to net asset values at which many stocks were trading. Land Securities, up 3 at 506p, Hammerson "A", 5 higher at 785p, and MEPC, 3 firmer at 506p, all improved.

Last week's share buy-in from Great Universal Stores was seen as putting a floor under the GUS price. Sporadic small purchases lifted the "A" shares 9 to 1035p on desultory volume of 58,000. Sears weakened 2 to 103 in busy turnover of 9.4m shares. Dealers said two lines of stock were overhanging the market.

Wilding Office recovered sharply from last week's weakness, induced by a profits warning, and the shares climbed 15 to 93p.

A 22½ per cent fall in interim profits to £3.1m at newsagency chain John Menzies left the shares 17 lower at 316p. One securities house had forecast a figure of £6.2m. WH Smith "A", on the other hand, firmed 5 to 330p.

John Maunders, the housebuilding group, dipped 3 to 78p after a large line of stock, believed to be in the region of 4 per cent of the issued capital, was placed in the market.

The new US defence budget, which cut spending by less than some analysts had expected, was greeted with relief, as stocks with strong defence exposure held steady. Weekend press comment had inspired negative sentiment, and shares in aerospace companies with high defence exposure had been discounted for a 5 per cent cut, in real terms, in US spending. The figures, equivalent to a 2 per cent cut, were what the market wanted to hear. British Aerospace gained 2 at 543p, Dowty and Rolls-Royce held level at 226p and 178p respectively, and Smiths Industries gained a penny at 261p.

Vickers, more exposed to British, rather than American, defence spending, firmed 3 to 215p. The price is underpinned by speculation on the stake held by Sir Ron Brierley.

Lucas strengthened ahead of the market, on thin volume for the day. Its exposure to the European Fighter Aircraft project was not regarded as a liability because it mainly involves development, not production work. There were also vague rumours of a bid, fuelled by press comment. The shares closed up 3 at 649p, having reached 654p.

Brisk trading in Coloroll continued. The price held firm, and was up 1½ at 27p at one point, but eventually fell back to close 2 off for the day. The company's announcement that the receivers had been called in to Resolve, a subsidiary, had been largely discounted, but contributed to negative feelings as the price dropped. Renewed buying was reported. reported.

British Telecom advanced 6 to 296p, with one of the UK securities houses believed to have recommended a switch into the stock from GEC; the latter were 2½ firmer at 240p, ex-dividend.

Ferranti rose 2½ more to 40½p on turnover of 15m with dealers noting further big two-way activity in the shares.

Cable & Wireless advanced 7 more to 548p, still stimulated by the imminent sale of a 16.5 per cent stake in Hong Koog Telecom to CITIC, the Chinese Government's investment agency and also by the recent buy note issued by S.G. Warburg Securities.

Thorn EMI continued their recent strong performance, adding 15 more at 779p as electronics and leisure analysts became increasingly aware of news that Mutual Shares Fund of the US has built up a stake of around 3 per cent in the company.

TGI, the consumer electricals group, dropped 24 to 96p after the group warned of a significant reduction in profits for the year to the end of March.

Giftware concern Cowan de Groot moved to 47p, up 4, on news that Wilton had bought a 14.3 per cent holding and was to seek representation on the latter's board.

■ Other Market statistics, including the FT-Actuaries share index, London Traded Options, and recent issues (including the water issue stocks) Page 24

FINANCIAL TIMES STOCK INDICES

	Jan 29	Jan 26	Jan 25	Jan 24	Jan 23	Year Ago	1989/90 High	1989/90 Low	Since Compilation High	Since Compilation Low
Government Secs	81.77	81.64	81.60	81.08	81.24	86.57	89.29 (8/2/89)	01.04 (18/1/90)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	90.94	90.85	90.95	81.11	81.40	07.09	98.59 (15/3/89)	90.85 (26/1/90)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1863.8	1851.5	1835.5	1828.6	1839.8	1866.4	2008.8 (5/9/89)	1447.8 (3/1/89)	2008.8 (5/9/89)	48.4 (26/6/40)
Gold Mines	369.8	370.8	371.5	357.2	318.2	170.6	371.5 (25/1/90)	154.7 (17/2/89)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2328.8	2314.5	2289.9	2278.8	2291.1	2042.0	2463.7 (3/1/90)	1782.8 (3/1/89)	2463.7 (3/1/90)	986.8 (23/7/84)
Ord. Div. Yield	4.60	4.62	4.68	4.67	4.65	4.41				
Earning Yld %(full)	11.22	11.23	11.37	11.42	11.34	11.06				
P/E Ratio(Net)(☆)	10.78	10.73	10.65	10.60	10.66	10.96				
SEAQ Bargains(5pm)	27,389	23,453	25,227	29,917	31,020	48,963				
Equity Turnover(£m)†	-	942.18	1003.09	886.21	898.70	2228.30				
Equity Bargains†	-	29,544	25,857	29,906	29,983	81,587				
Shares Traded (ml)†	-	472.3	472.0	425.5	446.0	949.4				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 10.74

Ordinary Share Index, Hourly changes — Day's High 1867.0 — Day's Low 1853.3

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1853.3	1863.2	1863.5	1866.4	1865.3	1864.8	1865.3	1863.0

FT-SE, Hourly changes — Day's High 2333.3 — Day's Low 2317.5

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2317.5	2328.1	2326.1	2332.0	2331.8	2331.2	2331.5	2328.9

GILT EDGED ACTIVITY

Indices*	Jan 26	Jan 25
Gilt Edged Bargains	97.4	104.1
5-Day average	95.4	95.5

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request.
London report and latest Share Index: Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	236	201	-2	Comm. Union	300	436	-5	Lloyds Bank	1,900	291	+8	Sedgwick	382	298	
ABDA Group	1,600	112		Cookson	487	259	+2	LASMO	902	598		Shell Transport	2,800	468	+7
Abbey National	1,700	183	+3	Courtaulds	1,300	387	+6	Lonrho	1,900	279	-1	Siebe	103	445	
Allied-Lyons	457	495	-1	Dalgety	493	390	-5	Lucas	859	649	+3	Slough Ests	141	318	
Amstrad	1,500	50	+2½	Dixons	368	126	+1	MB Group	3,000	217		Smith (W.H.) A	569	330	+5
Argyll Group	1,300	218	+1	Eng. China Clays	162	424		MEPC	95	506	+2	Smith & Nephew	3,100	123½	+1
Ass. Brit. Foods	391	399		Enterprise Oil	20	654	+2	Marks & Spencer	1,300	198	+4	SmKl Beecham	958	558	+5
BAA	1,100	397	+16	FKI	3,900	70	-4	Maxwell Comm.	1,000	213	+8½	SmKl Beecham Units	8	2510	+16
BAT Inds.	1,200	798	-2	Ferranti	15,000	40½	+2	Mecca Leisure	658	157	+2	Smiths Inds.	347	261	+1
BET	839	252	+4	Fisons	647	336	+½	Midland Bank	1,100	379	+3	Standard Chartd.	1,800	598	-8
BICC	989	444	+2	Gen. Accident	536	1131	+3	NatWest Bank	3,100	339	+2	Storehouse	1,875	116	
[illegible]				[illegible]				[illegible]				[illegible]			
British Airways	2,100	304	+3	Hanson Warrants	437	57		Rank Org.	416	786	-13	Trusthouse Forte	1,000	293	+3
British Gas	3,400	222	+2	Harrisons Cros.	135	153	+1	Reckitt & Colman	203	1239	+26	Ultramar	1,100	376	+1
British Land	120	401	+4	Hawker Sidd.	585	683		Redland	518	580	+2	Unigate	4,000	330	-8
BP	8,800	334	+2	Hillsdown	740	272	-1	Reed Intl.	1,200	419	+2	Unilever	730	688	
British Steel	1,350	134	+2½	IMI	68	222	+1	Reuters	1,600	1014	-4	United Biscuits	1,100	347	+6
British Telecom	3,300	296	+6	ICI	700	1094	+4	Rolls Royce	2,000	178		Utd. Newspapers	153	424	-2
Burmah	734	107	-1	Inchcape	478	283	-4	Rothmans	157	634	-2	Wellcome	1,300	722	+14
Burmah DD	114	637	-3	Jaguar	1	849		Ryl Bk Scotland	2,600	208	+5½	Whitbread 'A'	1,800	359	-1
Burton	2,000	199	+4	Kingfisher	1,300	368	+4	Royal Insurance	482	526	-1	Williams Hldgs.	5,800	238	+2
Cable & Wire.	1,000	548	+7	Ladbroke	1,100	322	+2	STC	1,100	251	+3	Willis Faber	47	274	-1
Cadburys	2,100	362	+10	Land Securities	103	505	+2	Saatchi	177	253	+3	Wimpey	1,000	256	-4
Calor Group	91	368	+1	Laporte	284	516	+6	Sainsbury	386	259					
Carlton Comms.	941	789	+9	Legal & General	471	410	+4	Scottish & New.	411	325	-3				
Coats Viyella	1,300	136		Lloyds Abbey	647	314		Sears	9,400	103	-2				

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 8 pm.

NEW HIGHS AND LOWS FOR 1989/90

NEW HIGHS (37).
BRITISH FUNDS (1) Treas. 3pc 1990, BANKS (2) Standard Chart., TSB, BUILDINGS (1) Westminster Scaffg., STORES (1) Brown & Jackson, FOODS (1) Tate & Lyle, HOTELS (2) Allied Leisure, Norfolk Capital, INDUSTRIALS (3) Dyson (J&J), Halstead Nycomed "B", Syltone, INSURANCE (1) Sun Life, MOTORS (1) Hartwell, PAPERS (2) CIA Grp., TMD Advertising, PROPERTY (2) Laing Props., Do. 6¾pc Ln 2000-05, TRANSPORT (3) BAA, Lon. O'seas Frts., Man. Ship Canal, OILS (3) Aviva Pet., Gt. Western Res. A, Monument Oil, OVERSEAS TRADERS (1) Pat'son Zoch., MINES (12) BHP Goldmines, Deelkraal, East. Trans. Cons., Elandsrand Gld., Free Sts. Dev., GM Kalgoorlie, Genbel, Leslie, Simmer & Jack, Venterspost, West Rand, Zandpan, THIRD MARKET (1) Blackland Oil.
NEW LOWS (63).
AMERICANS (7) Ambase, Bowater, Brunswick, Chemical Banking, Citicorp, Lone Star, Whitman, CANADIANS (2) Gandalf Tech., Rio Algom, BUILDINGS (1) Lafarge Coppee, CHEMICALS (1) Hercules, STORES (5) Heritage, Hollas, Jacques Vert, Pantiida, Sherwood, ELECTRICALS (4) Black & Decker, Forward Grp., Millicom, TGI, ENGINEERING (3) AT Tel., TACE, VSEL Cons., HOTELS (1) City Centre Rest., INDUSTRIALS (5) Cassidy Bros., Chestergate, Colorgen, Lilly (Eli), Third Mile Inv., LEISURE (2) Pavilion Leisure, Quadrant, PAPERS (5) Dudley Jenkins, Hunterprint, Lawson Mardon, Parkway, VPI, PROPERTY (7) Daejan, de Morgan, Embassy Prop., INOCO, McKay Secs., Priest Marians, Do. 6½pc Ln 2000/03, SHOES (1) Strong & Fisher, SOUTH AFRICANS (1) Anglo Am. Ind., TEXTILES (1) Sirdar, TRANSPORT (1) Cons. Freight., TRUSTS (4) Brit. & Com., Guildehouse, IFICO, Renaissance, PLANTATIONS (1) Cons. Plants.

APPOINTMENTS

Unilever changes

Two UNILEVER directors will not be seeking re-election at the annual meetings on May 2 having reached retirement age. They are Sir Geoffrey Allen, director of research and engineering; and Mr Henk Meij,

commercial director. Dr Ashok Ganguly, (pictured) chairman of Hindustan Lever, a Unilever subsidiary in India, is to be nominated a director of Unilever at the annual meetings.

■ Mr Peter Fuchs, formerly managing director of Steetley Construction Materials, has been appointed managing director of HARGREAVES QUARRIES following completion of the acquisition of Hargreaves by Charter Consolidated.

■ ALLIED DUNBAR ASSURANCE, part of BAT Industries, has appointed Mr Kenneth Inglis as investment director from April 9. He joins the main board and becomes chief executive of Allied Dunbar Asset Management. Mr Inglis, an actuary, was in charge of economic research and global strategy at UBS Phillips and Drew.

■ Mr John Marvin, deputy chairman of Hickson International, has been elected the first chairman of PIMS EUROPE folowing PIMS successful buyout from its parent, SPI of North America. As the nominee of major shareholder 3I, Mr Marvin will lead the new board, made up of PIMS six European regional managers.

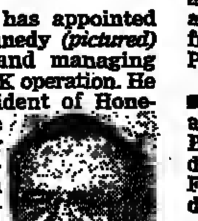
■ RATNERS GROUP has made the following appointments at subsidiaries: Mr Peter O'Malley and Mr Steven Downes become directors of Ratners; and Mr P.E. Fellows, Mr C. Shewring and Mr I. Williams are made directors of H. Samuel.

■ INTEGRAL TECHNOLOGY, part of the Third Wave Group, has appointed Mr Jonathon Worrall as marketing director. He was head of sales at Credit Suisse subsidiary, Citymax.

■ Mr William Heeps, chief executive officer of THOMSON REGIONAL NEWSPAPERS, plans to retire at the end of the year and will become chairman. He will be succeeded as chief executive by Mr Gordon Paul on March 19. Mr Paul was managing director of International Thomson Professional Information.

Chairman of Honeywell

HONEYWELL has appointed Mr Dennis Kennedy (pictured) as chairman and managing director of its UK operation. He is a vice president of Honeywell Europe and a member of the company's European policy committee. UK deputy managing director since April 1989, he succeeds Mr Jim McGregor who retires as chairman, and Mr Toby Warson who has been managing director for the past three years. Mr Warson becomes vice president, business development, for Honeywell's international operations.



■ Mr John Rylance has been appointed as a shareholding director of DOWNHAM ROSE FINANCIAL SERVICES, and Downham Rose General Insurance Services, at Bury, Lancs.

■ PARKWAY GROUP has appointed Mr Mike Emery as UK managing director.

■ Sir John B. Hall, previously with Bank of America, London, has been appointed a managing director of THE NIKKO BANK (UK).

■ DURALAY, Haslingden, has appointed Mr Gordon Fletcher as personnel director. He joins from the East Lancashire Paper Mill Co.

■ ECI VENTURES has appointed Mr Bruno Bandenburg as managing director of ECI Germany, Frankfurt. He was managing director of Conteg.

■ Dr Alton G. Keel Jr has joined the board of RIGGS A.P. BANK, London, as a non-executive director.

■ Mr Brian Colvin, sales director, has been promoted to managing director of COLBROOK EQUIPMENT, Alton. He is the son of the founder and chairman Mr Len Colvin.

Mr Utz Reiff (pictured) has been appointed director of operations at OSAKA GAS EUROPE, London, a company established to arrange new ventures between Europe and Asia in the fields of energy management, environment conservation, and community-based enterprises. He is a graduate of Japan's Sophia University, and was with Price Waterhouse Management Consultants.

LONDON SHARE SERVICE

BRITISH FUNDS

1989/90 High	1989/90 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]						

"Shorts" (Lives up to Five Years) — Five to Fifteen Years — Over Fifteen Years — Undated

BRITISH FUNDS—Contd

1989/90 High	1989/90 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]						

Index-Linked — INT. BANK AND O'SEAS — CORPORATION LOANS — COMMONWEALTH & AFRICAN LOANS — LOANS — Building Societies — Public Board and Ind. — FOREIGN BONDS & RAILS — AMERICANS

AMERICANS—Contd

1989/90 High	1989/90 Low	Stock	Price £	+ or -	Div Gross	C'vr	Y'ld Gr's
12	868p	Bio-Rad Labs. A	923p	-39	–		–
20¼	14¾	Bowater Inc.	14¾	-½	$1.20	–	5.0
[illegible]							

CANADIANS

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
American Income	6	49 8	49 8	53 27	-0 88	5 14
Gilts & Fixed Int	6	106 3	106 1xd	112.7	-0 4	4 76
High Inc Equity	6	135 8	135 8xd	145.3	+0 4	4 37
Worldwide Bond	6	200.6	200 6	212 6	-1.6	6 07
Capital Growth						
American Growth	6	177 1	177 1xd	189.5	-4.2	1 16
Asian Pacific	6	121.5	124.3xd	132.2	+1 4	0 98
Assets & Earnings	6	158 0	158 0	169 0	+0 9	2.19
Capital Reserve Acc	0	88 53	88 53	88 65	+0 09	6 77
Capital Reserve Inc	0	78 56	78 56	78 69	+0.8	7.63
Comdty & Energy	6	116 1	116 1	124.2	-0 4	1 53
Dividend & Growth	6	45 81	46 71	49 7		4 53
1992 Enterprise	6	62 01	62 01	66 33	-0 19	2.53
Euro Capital Acc	6	93 96	99 73	106 1	-0 3	0 71
Euro Capital Inc	6	95 37	96 06	102.2	-0.3	0.73
General	6	178.5	178 5	191 0	+1.3	2 61
International	6	61 07	61 37xd	65 82	-0 45	0 76
Japan	6	116.5	116 5	124 6	+0 4	0 00
Mastertrust	6	90 11	90 11	96.38	-0.38	1.76
UK Growth Acc	6	181 4	181 4	194 1	+0 4	1 64
UK Growth Dist	6	120 0	120 0	128 4	+0 3	2 48
N5 Emerging Cos	6	50 35	50 35	53.56	-1 31	0 00
Income & Growth	6	303 4	303 4	324.5	+1 3	3.16
Ethical	6	48 1	49 37	52.38	-0.01	1. 90
Abtrust Management Ltd (1000)H						
10 Queens Terrace Aberdeen 489 10J 0800 833580						
Amer Inc & Growth	5¼	30.42	30 42	32 43	-0.56	3.21
European	5¼	81 14	81 41	86 90		0.00
European Income	5¼	77 53	77 69	82 43	-0 19	1 97

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Brycourt Unit Tst Mgmt Ltd (1400)F						
Hesketh Hse Portman Sq, W1H 0JR 01-935 6382						
Income Growth	1	193 7	193 7	200.7	.....	4.84
Buckmaster Mangmt Co Ltd (1200)H						
The Stock Exchange, London EC2P 2JT 01-588 2868						
Emerging Gwth	5	61 57	62 97	60 81	-0 2	3.00
(Accum Units)	5	63.75	65 2	69 18	-0 21	3.00
Fellowship Tst	5	62.92	64 42	68.38	+0 02	2.69
(Accum Units)	5	65 23	66.79	70.87	-0 44	2 69
General Inc	5	296 2	296 2	315 2	-3 3	3 19
(Accum Units)	5	507.7	507.7	536 9	-5.3	3 19
Income	5	160 7	162.2	172 1	+0 5	4 60
(Accum Units)	5	310.6	321.6	341 2	+1.0	4 60
International	5	109 7	109 7	116 0	-2.8	1.00
(Accum Units)	5	150.9	150.9	159 6	-3.8	1 00
Smaller Co's	5	106 4	107 8	114 4		2.88
(Accum Units)	5	118.0	119 6	126.9		2 88
Int Portfolio	2½	54 74	55.76	57.43	+0.32	3 05
(Accum Units)	2½	56 82	57 88	59 67	+0 34	3 05
High Income Port	3	47.9	48 71	[illegible]	[illegible]	[illegible]
Burrage Unit Tst Mangmt Ltd (0905)F						
117 Fenchurch St, London EC3M 5AL 01-480 7216						
Sht Dtd Gilt & FI	1¼	55 76	56.76	56.55	+0.03	12.79
CCF Foster Braithwaite UT Mngt (1100)F						
1 White Hart Yard, London SE1 1NX 01-407 5966						
F & 0 Sel Intl Gwth	5½	49.30	49 30xd	53.06	-0.51	1.41
CCL Unit Trusts Ltd (1400)F						
74 Shepherds Bush Green, W12 8SQ 01-740 7070						
UK General Tst	5½	54 28	55.51xd	59 05	+0.12	2.23
Global Tst	5½	45 75	46.28	49.23	-0 11	0.35
Recovery Tst	5½	47.82	49.17	52.31	+0 23	1.92
CIBC Unit Tst Managers plc (1200)H						
Cottons Ctr, Cottons Lane, Ldn. SE1 2QL 01 234 6000						
Growth F4 Acc	5	114 2	116.4xd	122.8	+0 6	4.26
C/S Unit Managers Ltd (1000)F						
PO Box 105, Manchester M60 0AH 061 837 5060						
UK Growth	6	103 0	105.5	112 3	+1.1	2.35
UK Income	6	104 4	106 2	113 0	+0.7	5 47

CS Fund Managers Limited (1000)H

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ψ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ▲ - 1401 to 1700 hours; ♣ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust information pages.

LONDON SHARE SERVICE

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MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

For A.C. Hldgs see Principal Hotels

[illegible]

WATER

[illegible]

For other Water issues see London Recent Issues

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

MINES—Contd

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

Stock	Price	+ or -	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]						
20 Sleepy Kids 5p.... y	27	....	–	–	–	–
5 Staks Hldgs. 5p......	5½xd	.....	–	–	–	13.0
1¼ Swanyard Studios 1p y	1½	......	–	–	–	7.2
2½ System Connection 2½p y	3½	......	–	–	–	3.9
28 Tavern Leis. 20p. α	36	–1	♦	–	–	–
28 Tomorrows Leisure 20p y	89	–3	–	–	–	33.9
55 UPL Group 10p.....y	55	......	2.75	1.9	6.7	10.4
128 Unit Group .... y	111	......	5.0	3.3	5.1	7.3
66 Video Magic Leis. 1p y	87	......	W2.0	0.7	3.1	69.8
4¼ Vista Ents 5p...... y	4¼	......	–	–	–	–
15 Vizcaya Hldgs 5p.. y	18	......	–	–	–	–
23 Whitegate Leisure 20p. y	40½		0.25	♦	0.8	♦
10 Do. Wrnts.......... y	27	–1	–	–	–	–
4½ Wilton Group 1p. . y	4½	......	–	–	–	–

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- "Tap Stock"
- Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- Not officially UK listed; dealings permitted under rule 535(4)(a)
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; *cover relates to previous dividend or forecast.*
- ♦ Merger bid or reorganisation in progress
- Not comparable
- Same interim; reduced final and/or reduced earnings indicated
- Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- *Cover does not allow for shares which may also rank for* dividend at a future date. No P/E usually provided.
- No par value

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on *latest annual earnings.* u *Forecast, or estimated annualised* dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H *Dividend and yield based on prospectus or other official estimates* for 1989. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N *Dividend and yield based on prospectus or other official estimates* for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p.... y	05	......
Craig & Rose £1... y	830	......
Finlay Pkg. 5p.... y	57	+1
Holt (Jos) 25p..... y	1348	......

IRISH

Cap. 8½% Ln. 1991....	£96¾	......
9pc Cap Ln. 1996..	£95¼	......
Fin. 13% 97/02...	*£114*	......
Arnotts	405	......
Carroll (P.J.) ...... y	162	–3
Hall (R. & H.)	190	......
Hytton Hldgs ...... y	100	......
IRG..........	285	......
United Drug..........	161½xd	......

TRADITIONAL OPTIONS
3-month call rates

Industrials

	p
Allied-Lyons..............	41
Amstrad.....................	6½
Astec (BSR)................	5¼
BAT..........................	57
BOC Grp.....................	44
BTR..........................	57
Barclays.....................	40
Blue Circle..................	20
Boots.........................	23
Bowaters....................	59
Brit Aerospace............	46
British Steel...............	9
Brit. Telecom..............	22
Cadburys....................	31
Charter Cons...............	42
Comm Union...............	40
Courtaulds.................	51
Eurotunnel...............	65
FKI..........................	8
FNFC........................	22
Gen Accident..............	91
GEC..........................	19
Glaxo.......................	60
Grand Met..................	44
Guardian....................	19
GKN.........................	53
Hanson......................	18
Hawker Sidd.............	55
ICI............................	90
Jaguar........................	85
Ladbroke....................	25
Legal & Gen................	31
Lex Service..............	26
Lloyds Bank...............	21
Lucas Inds.................	54
Marks & Spencer	16
Midland Bk................	26
Morgan Grenfell.......	38
Nat West Bk..............	23
P & O Dfd.................	51
Polly Peck.................	38
Racal Elect..............	20
PHM..........................	39
Rank Org Ord.............	72
Reed Intnl..................	34
STC...........................	25
Sears.........................	9
SmKl Beecham A........	48
TI..............................	30
TSB...........................	9
Tesco.........................	16
Thorn EMI..................	63
Trust Houses	23
T&H	16½
Unilever	57
Vickers......................	22
Wellcome...................	55

Property

Brit Land	27
Control Secs...............	5
Land Securities..........	45
MEPC........................	45
Mountleigh................	13

Oils

Brit Petroleum............	25
Burmah Oil................	65
Charterhall...............	2½
Conroy Petlm.............	9
Premier.....................	10½
Shell.........................	37
Tuskar Res.................	12
Ultramar..................	28½

Mines

Lonrho	23
RTZ..........................	45

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1050 per annum for each security.

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	Bid Price	Offer Price	+ or −	Yield Gross
National Financial Management Corp PLC				
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539				
Life Funds				
Managed Cautionary	105 d	111.0	+0 6	–
Managed Growth	141.3	148.8	+0.2	–
Managed Opportunity	145 3	153.0	+0 2	–
NFMC Target Financial	103.2	108.7	+1 4	–
Pension Funds				
Managed Cautionary	110 0	115 8	+0.5	–
Managed Growth	145 5	153.2	+0 3	–
Managed Opportunity	148 5	156 4	+0.2	–
NFMC Targt Mngd Pen	1544.0	1625.3	+3 2	–
National Mutual Life				
The Priory, Priory Pk, Hitchin SG5 2DW 0462 422422				
Managed Fund	227 8	239.8		–
Managed Prospect Fund	191 1	201.2		–
Pens Managed	285 8	300.d		–
Pens UK Equity	343.0	361 1		–
Pens Overseas Equity	373 7	393 4		–
Pens Property	173.5	182.7		–
Pens Fixed Interest	176 7	186.1		–
Pens Index Linked	143.9	151 5		–
Pens Deposit	187.7	197 6		–
Harvester & P.R.P.				
UK Equity	149 9	157 8		–
Overseas Equity	133.6	140 7		–
Fixed Interest	120.8	127.2		–
Property	144.d	152.0		–
Index Linked	130 7	137.6		–
Deposit	130.2	137.1		–
Managed	144 0	151 6		–
With Profits	133.8	140.9		–
National Provident Institution				
48 Gracechurch St, London EC3P 3HH 01-623 4200				
Managed	349 9	368 2	−0.2	–
UK Equity	450.3	474 0	+1 4	–
Overseas Eq.	349 9	368 4	−1.5	–
Americas	251 8	265.1	−4.5	–

	Bid Price	Offer Price	+ or −	Yield Gross
Providence Capitol Life Assc. Co Ltd – Contd.				
Property Initial	168.8		+0 1	–
Money Initial	78.3		+0.1	–
Special Market Initial	138.5		−1 8	–
Japan Equity Initial	119 9		+0.3	–
North American Initial	79.9		−1.0	–
Pacific Initial	82 1		–	–
Technology Initial	107.5		–	–
Nat Resources Initial	56.9		−0.3	–
European Initial	102.8		+0.d	–
Residential Prop Init	103.7		–	–
Swiss Equities Initial	35.1		−0.5	–
Hong Kong Initial	45 2		−0.5	–
UK High Inc Eq Init	70 0		+0.3	–
Int Fixed Interest Init	50.6		+0 4	–
Int Managed Init	56.4			–
HIP Managed Init	115.0		+0 1	–
Broker Funds				
High Performance	74.3	78 3	−0 1	–
Towerhill Mngd Fd Acc	52.5	55 3	+0.3	–
YRA Executive Fd	92.9	97 9	−0.3	–
Global Growth Acc	130.5	137 6		–
High Income Money Acc	111.4	117.7		–
IM Balanced	56 1		+0 1	–
H.F Speculator Fd.	154 5		+0.7	–
PEP Acorn II.	126.3		+0 2	–
PEP Cautionary	97.6			–
AEFS Int Man Fund	119 1		+0.3	–
Andrews-Green Inv Port	105.3			–
Individual Pension Funds				
UK Equity Acc	229.3	240.9	+1 9	–
UK Fixed Interest Acc.	177.8	187.6	−0.8	–
Intl Equities Acc.	244 8	258 3	−0.2	–
UK Managed Acc.	184 8	194.4	+0.8	–
Property Acc.	212.0	223 7		–
Money Acc.	134 3	141 7	+0.1	–
Special Market Acc.	279.7	295 1	−4 8	–
Japan Equity Acc.	251 2	265.0	+0.9	–
North American Acc.	123 7	130.5	−1.6	–
Pacific Acc.	202.3	213 d		–
Technology Acc.	182 7	192 8		–
Natural Resources Acc.	112.0	118 2	−0.6	–

	Bid Price	Offer Price	+ or −	Yield Gross
Sharp (Albert E.) & Co.				
12 Newhall Street, Birmingham B3 3ER 021 200 2244				
Man-Clerical Mgd	147.6	155.4	+0.9	–
Pens Man Mgd	673.5	708.9	+2.0	–
Siltala Fund Managers Limited				
Siltala House, The Causeway, Bishop's Stortford, Herts. 0279 757696				
Siltala Managed Funds				
Royal Heritage SDF	103.3	108.8		–
Royal Heritage CGF	132.1	139.1		–
Royal Heritage HIF	139.9	147.3		–
Royal Heritage RIF	94.4	99.43		–
Target SDF	108.2	113.9		–
Target CGF	103.6	109.1		–
Target HIF	101.5	106.9		–
Target RIF	101.8	107.2		–

	Init Chrge	Cane. Price	Bid Price	Offer Price	+ or −	Yield Gr's
Royal Bank of Canada Funds						
RBC Offshore Fund Managers Ltd 0481 23021						
PO Box 246, St Peter Port, Guernsey						
Intl Capital Fd	5	$53 68	53 68	58.29	(z)	–
Far East & Pacific Fd	5	$43.18	43.18	46.77	(z)	–
North America Fd	5	$13 62	11.62	14.72	(z)	–
Canadian Fd.	5	C$13 06	13 06	14.10	(z)	–
Intl Bond Fd	5	$11.99	11.99	12.69	(z)	2.34
European Fund	5	$12 12	12.12	13.13	(z)	–
British Fund	5	£5.16	5 16	5.60	(z)	–
RBC Intl Currencies Fd Ltd						
US$		$–		33.59	+0.01	–
Canadian $		C$–		44.81	+0.01	–
£ Sterling		£–		19.62	+0.01	–
D-Mark		DM–		65 58	+0.02	–
Swiss Francs		SFr–		49.4	+0.01	–
Japanese Yen		Y–		7,976	+1	–
Managed Fund		$–		39 09		–

Latest RBC Fund Prices 24hr service 0481 710598

JERSEY (SIB RECOGNISED)

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

GUERNSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

FT UNIT TRUST INFORMATION SERVICE

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Thornton Unit Managers Ltd (1000)F
33 Cavendish Sq., London W1M 7HF 01-493 7262
Dealing 01-493 8545

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Opps	5	46.17	47.22	50.36	[illegible]	[illegible]
(Accum Units)	5	47.32	48.60	51.83	-1.27	[illegible]
European Opps	5	68.40	68.75	73.33	-0.35	[illegible]
(Accum Units)	5	68.77	69.13	73.73	-0.36	[illegible]
Far Eastern Opps	5	138.45	138.71	147.94	-0.25	[illegible]
(Accum Units)	5	139.33	139.59	148.89	-0.25	[illegible]
Golden Opps	5	46.30	46.30xd	49.38	+0.20	[illegible]
(Accum Units)	5	47.63	47.63xd	50.79	+0.10	[illegible]
Intl Hi-Yield	5	57.51	58.00xd	61.86	-0.33	[illegible]
(Accum Units)	5	62.43	62.97xd	67.16	-0.38	[illegible]
Sanyo Japan Tst	6	76.29	76.29	81.17	-0.22	[illegible]
(Accum Units)	5	76.29	76.29	81.17	-0.22	[illegible]
Kangaroo	5	33.43	33.43	35.66	[illegible]	[illegible]
(Accum Units)	5	33.62	33.62	35.86	[illegible]	[illegible]
Oriental Income	5	34.08	34.08	36.34	[illegible]	[illegible]
(Accum Units)	6	38.20	38.20	40.74	[illegible]	[illegible]
Pacific Technology	5	60.38	60.38	64.40	[illegible]	[illegible]
(Accum Units)	5	60.87	60.87	64.92	[illegible]	0.00
Tiger	5	145.64	146.24	154.98	-1.78	0.72
(Accum Units)	5	147.91	148.52	158.42	-1.80	0.72
UK Hi-Yield	5	43.17	43.17	46.04	.....	4.94
(Accum Units)	5	49.36	49.36	52.64	.....	4.94
UK Opps	5	54.50	54.50	58.20	-0.06	1.99
(Accum Units)	5	59.10	59.10	63.20	-0.06	1.99

Three Counties Asset Mngmt Ltd (1430)F
Cuthbert House, Tower Rd, Washington NE37 2SH 091 415 3034

Balanced Portfolio	6	94.00	94.00	100.0	.....	4.00

Touche Remnant Unit Tst Mngt Ltd (1600)F
Mermaid Hse, 2 Puddle Dock, EC4 01-248 1250
4 Hourly Pricing—12 Noon Historic

TR American Grth	5¼	44.07	44.07	47.00	-1.12	0
TR Eur Sp Sits Acc	5¼	41.30	41.30	43.93	+0.12	0
TR Eur Sp Sits Inc	5¼	40.50	40.50	43.08	+0.12	0
TR General Growth	5¼	75.90	75.90xd	80.74	+0.30	2.75
TR Global Tech	5¼	69.41	69.41	74.05	-0.87	0
TR Income Growth	5¼	89.04	89.04xd	94.70	+0.70	4.38
TR Income Monthly	5¼	58.48	58.48	62.21	+0.06	6.74
TR Japan Growth	5¼	97.10	97.10	103.08	-0.22	0
TR Overseas Growth	5¼	67.20	67.20	71.67	-0.29	0
TR Smaller Cos	5¼	83.86	83.86	89.21	+0.31	2.90
TR Special Opps	5¼	96.49	96.49	102.64	-0.06	2.79
TR Wld Ex Mkt Acc	5¼	34.35	34.35	36.54	-0.05	2.30

	Bid Price	Offer Price	+ or -	Yield Gross

J. Rothschild Fund Managers Ltd

Intl Exempt	156.5	158.4	.....	1.50

Stewart Ivory & Co Ltd

Selects PPP Jan 12	264.6	278.6	.....	—

Closed to new business

Thornton Unit Managers Ltd

Managed Exempt Jan 25	103.69	110.22xd	.....	3.76
(Accum Units)	104.52	110.88xd	.....	3.76

Touche Remnant Unit Tst Mngt Ltd

TR Exempt European	1080	1095	.....	1.63
TR Exempt Nth Amer	903	918	.....	3.64
TR Exempt Pac Basin	1001	1014	.....	0

INSURANCES

AA Friendly Society
(Investment Mngt. M & G Inv Mngt Ltd)

AA Friendly Sy Jan 12	—	177.0	.....	—

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

Prop. Ser. 1	301.2	317.1	.....	—
Equity Ser. 1	134.0	141.1	+0.8	—
Prop. Acc. Ser 2	464.4	488.9	.....	—
Equity Ser 2	136.5	143.7	+0.9	—
Selective Acc	349.9	368.4	+1.3	—
Prop. Ser. 4	362.8	381.9	.....	—
Equity Ser. 4	157.0	165.3	+0.8	—
Man. Ser. 4	446.5	470.0	+0.9	—
Fixed Int. Ser. 4	216.4	227.9	-0.4	—
Indexed Inv. Ser. 4	142.2	149.6	+0.3	—

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Sterling's attractions increase

STERLING LOOKED an attractive alternative in routine and subdued foreign exchange trading yesterday. There were oo strong factors influenciog the dollar or D-Mark, aod the exchanges took a more favourable view of the pound.

This was partly the result of the narrower than feared UK curreot account deficit in December, hut it may have also reflected the recent move out of other high yielding currencies, such as the Canadian and Australian dollars.

This increased demaod for sterliog at a time when UK interest rates will remain high and the trade position is showing signs of improving, according to Mr John Major, the UK Chancellor. The pound is also regarded as a reasonably safe currency as the turmoil continues in Eastern Europe and the Soviet Union.

The possibility of an improving UK economic situation, yield differentials in favour nf Loodon and a stable political background helped the pound rise 2.20 cents to $1.6785. It also climbed to DM2.8200 frnm DM2.8050; to Y240.25 from Y237.25; to SFr2.4925 from SFr2.4800; and to FFr9.5750 from FFr9.5250. Accnrding to the Bank of England sterling's index advanced 0.4 to 88.5.

The Canadian dollar was slightly firmer, after recent intervention hy the Bank of Canada to support the currency and last week's reversal of the downward trend in the Canadian bank rate. At the close in London the US dollar had eased to C$1.1880 from C$1.1940.

The Australian dollar also had a slightly better day, rising to 76.35 US cents at the London close, from 76.00 cents on Friday. Earlier in Sydney trading was quiet, with the Australian dollar finishing at 76.25 cents. It fell from a peak of 76.55 cents, on reports of Japanese selling.

Recent indicatinns have pointed to Japanese investors moving out of the high yielding Canadian and Australian dollars, as interest rates supporting bnth currencies have tended to ease.

The US dollar lost ground to the D-Mark, but was little changed against the Japanese yen. There were no fresh factors, hut speculation about an easing of the Federal Reserve's monetary policy weighed on the dollar. Puhlication of the proposed US hudget for the next financial year had little impact.

The dollar fell to DM1.6795 frnm DM1.6930; tn SFr1.4855 from SFr1.4975; to FFr5.7050 from FFr5.7500; and to Y143.15 from Y143.30. On Bank of England figures the dnllar's index fell to 66.7 from 67.1.

Members of the European Monetary System traded quietly, with all currencies holding within their agreed divergence limits. The Italian lira remained the strongest EMS currency. The lira was steady against the D-Mark, but rose to an 18-mnnth high against the dollar at the Milan fixing. The dollar was fixed at L1,244.05, against L1,255.30 on Friday.

EURO-CURRENCY INTEREST RATES

Jan 29	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	14¾-14½	14 13/16-14¾	15 1/16-15	15⅛-15 1/16	15 1/16-15	15 1/16-14 13/16
US Dollar	8 1/16-8 1/16	8¼-8⅛	8⅜-8¼	8⅜-8¼	8¼-8⅛	8⅝-8½
Can Dollar	12⅝-12⅛	12⅜-12⅛	12¼-12	12⅛-11⅞	11 13/16-11 11/16	11 9/16-11 7/16
D. Guilder	8½-8¼	8¾-8½	8¾-8⅝	8¾-8⅝	9-8⅞	9⅛-8 15/16
Sw. Franc	9¼-9	9½-9¼	9 11/16-9 9/16	9¾-9⅝	9 13/16-9 11/16	9 13/16-9 11/16
Deutschmark	7 13/16-7 9/16	7 15/16-7 13/16	8-7⅞	8⅛-8	8¼-8⅛	8½-8⅜
Fr. Franc	10¼-10⅛	10⅜-10¼	10 13/16-10 11/16	11 1/16-10 15/16	11 3/16-11 1/16	11⅜-11¼
Italian Lira	13-11	13½-12½	13-12½	13-12½	13-12⅝	13½-13¼
B. Fr. (Fin)	10 3/16-10 1/16	10 3/16-10 1/16	10⅜-10¼	10 11/16-10 9/16	10¾-10⅝	10¾-10⅝
B. Fr. (Con)	10⅝-10¼	10⅝-10¼	10⅜-10¼	10¾-10⅝	10⅞-10½	10 13/16-10 9/16
Yen	6⅝-6½	6¾-6⅝	6¾-6⅝	7 1/16-6 15/16	7 3/16-7 1/16	7¼-7⅛
D Krone	12⅝-12 3/16	12¼-12⅛	12 5/16-12 3/16	12 1/16-11 13/16	11 15/16-11 13/16	11¾-11⅝
Asian $Sing	8¼-8⅛	8 3/16-8 1/16	8 3/16-8 1/16	8¼-8⅛	8 5/16-8 3/16	8⅝-8½

Long term Eurodollars: two years 8¾-8⅝ per cent; three years 9-8⅞ per cent; four years 9⅛-9 1/16 per cent; five years 9¼-9⅛ per cent nominal. Short term rates are call for US Dollars and Japanese Yen, others, two days' notice.

£ IN NEW YORK

Jan.29	Latest	Previous Close
£ Spot	1.6645-1.6655	1.6630-1.6640
1 month	0.93-0.92pm	0.88-0.87pm
3 months	2.70-2.67pm	2.65-2.65pm
12 months	9.25-9.15pm	9.19-9.12pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Jan.29	Previous
8.30 am	88.5	87.8
9.00 am	88.5	88.0
10.00 am	88.5	88.0
11.00 am	88.4	88.0
Noon	88.4	88.2
1.00 pm	88.4	88.2
2.00 pm	88.5	88.2
3.00 pm	88.5	88.1
4.00 pm	88.5	88.1

CURRENCY RATES

Jan.29	Bank rate %	Special* Drawing Rights	European † Currency Unit
[illegible]			

* Sterling quoted in terms of SDR and ECU per £. † European Commission Calculations. * All SDR rates are for Jan 26

CURRENCY MOVEMENTS

Jan.29	Bank of England Index	Morgan** Guaranty Changes %
[illegible]		

Morgan Guaranty changes, average 1980-1982=100. Bank of England Index (Base Average 1985=100) **Rates are for Jan.26

OTHER CURRENCIES

Jan.29	£	$
[illegible]		
Iran	115.40*	69.30*
Korea(Sth)	1135.10-1151.40	682.30-687.70
Kuwait	0.4860-0.4875	0.2910-0.2920
Luxembourg	58.80-58.90	35.00-35.10
Malaysia	4.5265-4.5380	2.7000-2.7040
Mexico	4516.00-4534.15	2695.00-2705.00
N Zealand	2.8135-2.8195	1.6770-1.6800
Saudi Ar.	6.2625-6.2660	3.7500-3.7510
Singapore	3.1295-3.1385	1.8650-1.8690
S Af (Cm)	4.2715-4.2830	2.5490-2.5505
S Af (Fn)	5.5195-5.6130	3.2895-3.3450
Taiwan	43.85-43.95	26.15-26.20
U.A.E.	6.1320-6.1360	3.6720-3.6730

*Selling rate

POUND SPOT- FORWARD AGAINST THE POUND

Jan.29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6690-1.6815	1.6780-1.6790	0.85-0.83cpm	6.01	2.62-2.59pm	6.21
Canada	1.9910-2.0010	1.9945-1.9955	0.35-0.26cpm	1.84	1.18-1.04pm	2.23
Netherlands	3.16-3.18¼	3.17¼-3.18¼	1½-1⅛cpm	5.46	4½-4¼pm	5.53
Belgium	58.60-58.95	58.80-58.90	22-15cpm	3.78	66-55pm	4.12
Denmark	10.83½-10.90	10.86¼-10.87¼	2½-1¾orepm	2.41	7¾-6¼pm	2.53
Ireland	1.0580-1.0640	1.0630-1.0640	0.30-0.25ppm	3.10	0.95-0.85pm	3.39
W Germany	2.80½-2.82¼	2.81¼-2.82¼	1½-1⅜pfpm	6.15	4½-4⅜pm	6.32
Portugal	246.50-250.05	247.45-248.45	8-36cdis	-1.04	108-195dis	-2.44
[illegible]						

Commercial rates taken towards the end of London trading. Belgian rate is for convertible francs. Financial franc 58.80-58.90. Six-month forward dollar 5.05-5.00 12 Months 9.23-9.13pm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Jan.29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
[illegible]						

Commercial rates taken towards the end of London trading. † UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 35.00-35.10.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Jan.29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.1679	42.6182	+1.07	+1.07	±1.5508
Danish Krone	7.79845	7.88239	+1.08	+1.08	±1.6453
German D-Mark	2.04446	2.03716	-0.36	-0.36	±1.1762
French Franc	6.85684	6.92052	+0.93	+0.93	±1.3618
Dutch Guilder	2.30358	2.29487	-0.38	-0.38	±1.5272
Irish Punt	0.763159	0.769295	+0.80	+0.80	±1.6689
Italian Lira	1529.70	1515.82	-0.91	-0.91	±1.5162
Spanish Peseta	132.889	131.998	-0.67	-0.67	±4.2705

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Jan.29	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.679	2.820	240.3	9.575	2.493	3.178	2098	1.995	58.85
$	0.596	1	1.680	143.1	5.703	1.485	1.893	1250	1.188	35.05
DM	0.355	0.595	1	85.21	3.395	0.884	1.127	744.0	0.707	20.87
YEN	4.161	6.987	11.74	1000.	39.85	10.37	13.23	8731	8.302	244.9
F Fr.	1.044	1.754	2.945	251.0	10.	2.604	3.319	2191	2.084	61.46
S Fr.	0.401	0.673	1.131	96.39	3.841	1	1.275	841.6	0.800	23.61
H Fl.	0.315	0.528	0.887	75.61	3.013	0.784	1	660.2	0.628	18.52
Lira	0.477	0.800	1.344	114.5	4.564	1.188	1.515	1000.	0.951	28.05
C $	0.501	0.842	1.414	120.5	4.799	1.250	1.593	1052	1	29.50
B Fr.	1.699	2.853	4.792	408.3	16.27	4.236	5.400	3565	3.390	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS £50,000 64ths of 100%

LIFFE US TREASURY BOND FUTURES OPTIONS $100,000 64ths of 100%

LIFFE BUND FUTURES OPTIONS DM250,000 points of 100%

LIFFE £/$ OPTIONS £25,000 (cents per £1)

LIFFE EURODOLLAR OPTIONS $1m points of 100%

LIFFE SHORT STERLING OPTIONS £500,000 points of 100%

[illegible]						

LONDON (LIFFE)

CHICAGO

20-YEAR 9% NOTIONAL GILT £50,000 32nds of 100%

US TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

US TREASURY BONDS 8% $100,000 32nds of 100%

JAPANESE YEN (IMM) Y12.5m $ per Y100

6% NOTIONAL GERMAN GOVT. BOND DM250,000 100ths of 100%

DEUTSCHE MARK (IMM) DM125,000 $ per DM

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

US TREASURY BILLS (IMM) $1m points of 100%

THREE MONTH STERLING £500,000 points of 100%

SWISS FRANC (IMM) SFr 125,000 $ per SFr

STANDARD & POORS 500 INDEX $500 times index

THREE MONTH EURODOLLAR $1m points of 100%

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

THREE MONTH EUROMARK DM 1m points of 100%

10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES

OPTION ON LONG-TERM FRENCH BOND (MATIF)

THREE MONTH ECU ECU 1m points of 100%

THREE-MONTH PIBOR FUTURES (MATIF) (Paris interbank offered rate)

FT-SE 100 INDEX £25 per full index point

[illegible]						

	Open	Close	Change	High	Low	Yield	Open int.
March	88.86	88.86	+0.01	88.87	88.78	-	9,925
June	89.05	89.05	-0.03	89.10	89.04	-	5,676
September	89.27	89.32	+0.02	89.32	89.27	-	867
December	89.50	89.50	-0.05	89.50	89.50	-	156

Estimated volume 6,902 Total Open Interest 16,624

CAC-40 FUTURES (MATIF) Stock index

	Open	Close	Change	High	Low	Open Int.
January	1892.0	1898.5	+18.5	1907.5	1892.0	2,921
February	1892.0	1895.5	+18.0	1905.0	1892.0	3,754
March	1894.0	1898.0	+18.5	1908.0	1894.0	621
June	-	-	-	-	-	17.

Estimated volume 5,661 Total Open Interest 7,313

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6785	1.6701	1.6525	1.6283	1.5867

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Mar	1.6616	1.6640	1.6610	1.6490
Jun	1.6380	1.6380	1.6350	1.6236
Sep	-	1.6140	-	1.6008

BASE LENDING RATES

	%		%		%
ABN Bank	15	Co-operative Bank	*15	NatWestminster	15
Adam & Company	15	Coutts & Co	15	Northern Bank Ltd	15
Allied Trust Bank	15	Cyprus Popular Bk	15	Norwich Gen. Trust	15
Allied Irish Bank	15	Dunbar Bank PLC	15	Nykredit Mortgage Bank	15½
● Henry Ansbacher	15	Duncan Lawrie	15	PRIVATbanken Limited	15
Associates Cap Corp	14	Equatorial Bank plc	15	Provincial Bank PLC	16
Authority Bank	15	Exeter Trust Ltd	15½	Roxburghe G'rantee	15½
● B & C Merchant Bank	15	Financial & Gen. Bank	15	Royal Bk of Scotland	15
Bank of Baroda	15	First National Bank Plc.	16	Royal Trust Bank	15
Banco Bilbao Vizcaya	15	● Robert Fleming & Co.	15	● Smith & Williamson Secs.	15
Bank Hapoalim	15	Robert Fraser & Ptnrs.	15½	Standard Chartered	15
Bank Credit & Comm	15	Girobank	15	TSB	15
Bank of Cyprus	15	● Guinness Mahon	15	● United Bk of Kuwait	15
Bank of Ireland	15	HFC Bank plc	15	United Mizrahi Bank	15
Bank of India	15	● Hambros Bank	15	Unity Trust Bank Plc	15
Bank of Scotland	15	Hampshire Trust Plc	15½	Western Trust	15
Banque Belge Ltd	15	Heritable & Gen Inv Bnk.	15	Westpac Bank Corp.	15
Barclays Bank	15	● Hill Samuel	§15	Whiteaway Laidlaw	15
Benchmark Bank PLC	15	C. Hoare & Co.	15	Yorkshire Bank	15
Brit Bk of Mid East	15	Hongkong & Shangh	15		
● Brown Shipley	15	● Leopold Joseph & Sons	15		
CL Bank Nederland	15	Lloyds Bank	15		
● Charterhouse Bank	15	Meghraj Bank Ltd	15		
Citibank NA	15	McDonnell Douglas Bnk.	15		
City Merchants Bank	15	Midland Bank	15		
Clydesdale Bank	15	Mount Banking	15		
Comm. Bk. N. East	15	Nat Bk. of Kuwait	15		

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MONEY MARKETS

Soft tone continues

THE TONE on the London money market remained soft yesterday as sentiment continued tn beoefit from Friday's announcement of hetter than expected UK trade figures.

As sterling improved on the trade pnsition interest rates eased slightly, where changed, but trading was generally quiet.

The threat of higher bank base rates has faded, but there is also little expectation of lower rates in the foreseeable future. Three-month sterliog interbank was quoted at 15 3/32-15 1/16 per cent, compared with 15⅛-15 1/16 on Friday, and 12-month money was unchanged at 15 1/16-14 15/16.

UK clearing bank base lending rate
15 per cent
from October 5

The Bank of England initially forecast a day-to-day credit shortage of £200m, hut revised this to £300m at noon and to £400m in the afternoon. Total help of £299m was provided.

The authorities did not operate in the market before lunch, hut in the afternoon bought £174m hills outright, by way of £75m bank hills in band 1 at 14⅞ per cent; £3m Treasury hills in band 2 at 14¾ per cent; and £96m bank hills in band 2 at 14¾ per cent. Late assistance of around £125m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury hills drained £1,039m. This notweighed Exchequer transactinns adding £270m to liquidity, a fall in the note circulation of £535m, and bank balances above target of £15m.

In Frankfurt call money fell to 7.50 from 7.60 per cent as banks were well supplied with liquidity towards the end nf the month. Puhlic sector salary payments boosted the amount of money held hy the banks.

The only factor keeping the market cautious was the size of the Bundesbank's reserve requirement for January. This was provisionally set at DM60.3hn, but in the present circumstances it is feared that the final figure could be higher. This will be announced after the end of the month, when the central hank has more details of the commercial banks cash holdings. Reserve holdings eased to DM57.7hn last Thursday, from DM59hn on Wednesday, to average DM61.1hn for the first 25 days of January.

The Bundesbank will set the terms of this week's securities repurchase agreement tender today, and is expected to offer a two-tranche pact at variable hid rates, offsetting two facilities totalling DM29.7hn expiring on Thursday.

FT LONDON INTERBANK FIXING

(11.00 a.m. Jan.29) 3 months US dollars		6 months US Dollars	
bid 8¼	offer 8⅜	bid 8 5/16	offer 8 7/16

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10
Broker loan rate	9¾
Fed.funds	8¼
Fed.funds at intervention	-

Treasury Bills and Bonds

One month	7.30	Three year	8.37
Two month	8.02	Four year	8.36
Three month	8.00	Five year	8.38
Six month	8.07	Seven year	8.45
One year	8.08	10-year	8.49
Two year	8.28	30-year	8.52

Jan.29	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.45-7.55	7.95-8.10	7.90-8.05	8.05-8.20	8.30-8.45	8.00
Paris	10¼-10⅜	10¼-10⅜	-	11-11⅛	-	9.50
Zurich	8⅞-9⅛	9⅛-9⅞	-	9⅝-9⅞	-	-
Amsterdam	8.30-8.40	8.60-8.70	-	8.80-8.90	-	-
Tokyo	6 13/16-6 15/16	6 13/16-6 15/16	-	6 15/16-7	-	-
Milan	12½-12⅞	13¼-13⅜	-	13-13½	-	-
Brussels	8.60	10¼-10½	-	10½-10 3/4	-	-
Dublin	11⅝-11 13/16	11 15/16-12 1/16	11 15/16-12 1/16	12-12¼	11 15/16-12 1/16	-

LONDON MONEY RATES

Jan 29	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15⅛	14 15/16	15⅛	15⅛	15⅛	15
Interbank Bid	14¾	14 13/16	15	15	15	14⅞
Sterling CDs	-	-	15 1/16	15 1/16	15 1/16	14⅞
Local Authority Deps.	14¾	14⅞	14 15/16	15 1/16	15 1/16	14 15/16
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	15	14 15/16	14⅞	14⅞	-	-
Company Deposits	-	-	15	15⅛	15⅛	15
Finance House Deposits	-	-	15 1/16	15⅛	15⅛	15 1/16
Treasury Bills (Buy)	-	-	14 13/16	14 13/16	-	-
Bank Bills (Buy)	-	-	14⅞	14 13/16	14 13/16	-
Fine Trade Bills (Buy)	-	-	15 3/16	15 3/16	14 15/16	-
Dollar CDs	-	-	8.27	8.28	8.32	8.50
SDR Linked Dep. Offer	-	-	8 15/16	9⅛	9 3/16	9 5/16
SDR Linked Dep. Bid	-	-	8 13/16	9	9 1/16	9 3/16
ECU Linked Dep. Offer	-	-	10 27/32	11⅛	11 3/16	11⅜
ECU Linked Dep. Bid	-	-	10 23/32	11 1/16	11⅛	11¼

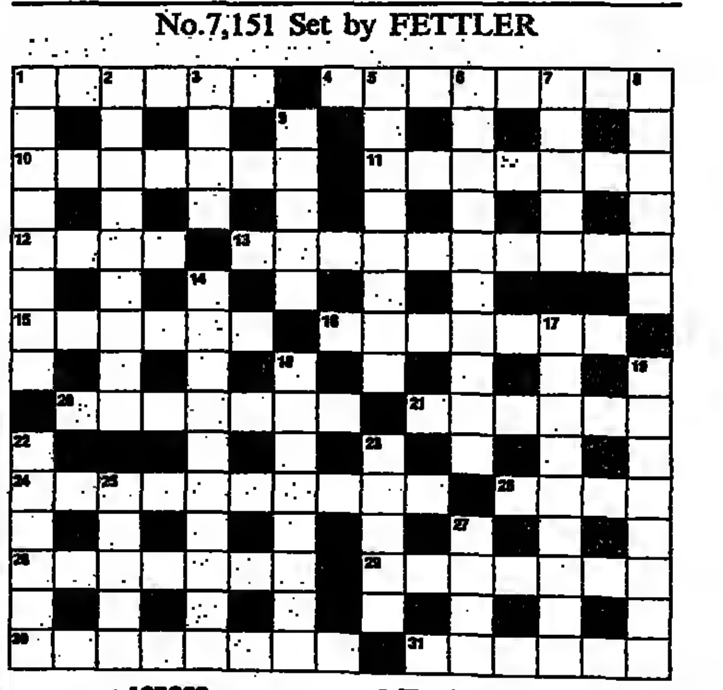
Treasury Bills (sell); one-month 14 11/16 per cent; three months 14 23/32 per cent; Bank Bills (sell); one-month 14 23/32 per cent; three months 14½ per cent; Treasury Bills; Average tender rate of discount 14.4529 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day December,29 1989. Agreed rates for period January,24 1990 to February,25, 1990, Scheme I: 15.90 p.c., Schemes II & III: 16.38 p.c. Reference rate for period Dec.1,1989 to December,29, 1989, Scheme IV&V: 15.164 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 15½ from January 1, 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6): Deposit £100,000 and over held under one month 11½ per cent; one-three months 13 per cent; three-six months 13 per cent; six-nine months 13 per cent; nine-twelve months 13 per cent; Under £100,000 11½ per cent from Oct 9,1989, Deposits withdrawn for cash 5 per cent.

COMPANY NOTICES

JOTTER PAD

CROSSWORD

No.7,151 Set by FETTLER



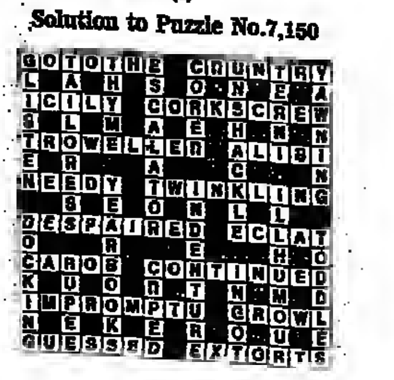
ACROSS

1 Laud – priest, first rate, in the Canterbury area (6)
4 Committee sat unruffled (8)
10 Rattles excite (7)
11 Do in; do! (7)
12 Alternately, volantes are fed on these (4)
13 Box, such as tin, is bound for the smelter (5-5)
15 Returning summons to yours truly is sick-making (6)
16 Will's opening wine that's mature (7)
20 Fiddlers take in deceptions (7)
21 Settle accounts in Geneva perhaps (6)
24 Firm with representative operation produces consolidation (10)
26 Squandered, and now penniless, has become miserable (4)
28 Clay, among others, is down to earth (7)
29 Have a go at a time trial (7)
30 Fluff the act? That's a sign of decline (8)
31 Dionysus, on returning, transgressed (6)

DOWN

1 Ignore exodic incident (8)
2 Cunning fellows in appropriate accommodation (9)
3 Locate it in certain quarters (4)
5 Terribly poor rate for a machinist (8)
6 Worried me! Pet viper is striking without warning (10)
7 A trick to hinder growth (5)
8 Lives, like 'Little Women', in little valleys (6)
9 Dorp (old or new) – of little account (5)
14 I tilt arms i' manoeuvres (10)
17 Herren – unstable element in German borders (9)
18 One stirring it – a ragout (non-U of course) (8)
19 Silly me! Tended to be crazy (8)
22 Being frightened – for a second, over-anxious (6)
23 Star bear (5)
25 Hearing catcall. Ow! I'm a flop (5)
27 Cutie who's topless and wild little case (4)

Solution to Puzzle No.7,150



حلّة امنة الأصل

FT UNIT TRUST INFORMATION SERVICE

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DUBLIN (**)

OFFSHORE INSURANCES

JERSEY (**)

SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (**)

ISLE OF MAN (**)

LUXEMBOURG (**)

OTHER OFFSHORE FUNDS

Warburg Inv Mngmt (Isle of Man) Ltd
Mercury 90-20 Trust (Sicav)

	Bid Price	Offer Price	+ or –	Yield Gross
Dollar Fd BOPUPs	$20.65	10.66	.....	–
Dollar Fd OPUPs	$12.01	13.00	.....	–
Sterling Fd BOPUPs	£10.67	10.68	.....	–
Sterling Fd OPUPs	£14.25	14.46	.....	–
DM Fd BOPUPs	DM10.31	10.32	.....	–
DM Fd OPUPs	DM12.84	13.05	.....	–
Yen Fd BOPUPs	$8.22	8.23	.....	–
Yen Fd OPUPs	$12.67	12.86	.....	–

Wardley Investment Services Ltd

Wardley S.E. Asia Tst	$12.36	13.12	.....	0.84

Wells Fargo U.S. IT Fund

NAV Jan 26		$9.45	.....	–

Yamaichi Dynamic Mngt Co SA

Advanced Tech		$26.66	.....	–

Money Market Trust Funds

Charities Aid Fndtn Money Mngmt Co Ltd
48 Pembury Road, Tonbridge TN9 2JD 0732 770114

	Gross	Net	Gr Equiv CAR	Int Cr
Cafcash Deposit Fd	14.75	–	15.53	3-mth

The Charities Deposit Fund
2 Fore Street, London EC2Y 5AQ 01-588 1815

	Gross	Net	Gr Equiv CAR	Int Cr
Deposit	14.80	–	13.64	3-Mth

Gartmore Money Management Ltd
2-3 White Hart Yard, London SE1R 1NX 01-236 1425

	Gross	Net	Gr Equiv CAR	Int Cr
Call Fnd	14.64	11.45	13.71	6-Mth
7-day Fund	14.72	11.52	15.80	6 Mth
Special Fund	14.86	–	16.36	Mth
Dollar	7.00	5.48	7.45	3 Mth

Money Market Bank Accounts

Aitken Hume Bank plc
30 City Road, EC1Y 2AY 01-638 6070

	Gross	Net	Gr Equiv CAR	Int Cr
Treasury Acc	13.50	10.56	14.64	Qtr
Mth Int Chq £1,000-£4,999	13.50	10.56	14.77	Mth
Mth Int Chq £5,000-£49,999	14.00	10.95	13.35	Mth
Mth Int Chq £50,000+	14.50	11.35	13.94	Mth

Allied Trust Bank Ltd
97-101 Cannon St, London, EC4N 5AD 01-629 6802

	Gross	Net	Gr Equiv CAR	Int Cr
OMICA (£2,001+)	14.50	11.35	13.94	Mth
HICA (£2,001+)	13.90	10.88	15.248	Mth

Bank of Ireland High Interest Cheque Acc
36 Queen St, EC4R 1BN 01-625 7000

	Gross	Net	Gr Equiv CAR	Int Cr
2,000–9,999	13.738	10.750	14.922	Qtr
£10,000+	14.058	11.000	13.283	Qtr

Bank of Scotland
38 Threadneedle St, EC2P 2EH 01 601 6746

4pm prices January 29

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A - A -								
37½	24⅞	AAR	.48	1.8	18	168	30⅞	30⅛	30¼	+ ⅛
9¾	8½	ACM n	1.81	11.		229	9½	9¼	9⅜	
11⅜	10½	ACMIn	1.26	11		384	11¼	11	11⅛	+ ⅛
9⅞	8	ACM M n	1.01	12.		339	8⅛	8¼	8¼	- ⅛
12⅛	12	ACMMM				201	12⅛	12	12	
11½	18	ACM Sc	1.26	11		1145	11⅛	11	11	
9⅛	6⅞	ACMSp	1.01	11.		9495	9¼	d 8⅛	9⅛	+ ⅛
19⅛	11½	AL Lab	.16	.9	18	28	17⅞	17⅝	17⅝	- ⅜
6⅛	3½	AM Ind			7	2167	3⅝	3½	3½	- ⅛
23½	16⅛	AM In pf	2	12.		53	16⅛	16⅝	16⅛	
107¼	64⅞	AMR			8	8129	57⅞	54¼	56⅛	- 2⅛
5½	3⅜	ARX				53	3½	3½	3⅛	
66	39	ASA	3a	4.8		1475	66	64⅛	29⅛	- ¼
70⅛	48¼	AbtLab	1.40	2.2	17	2715	65⅛	64	64½	- ½
18⅛	11¼	AbltbI g	.50			40	11¼	11⅛	11¼	+ ⅛
13	9¼	AcmeC	.40	4.1	11	26	10	9⅞	9⅞	
9⅜	6	AcmeE	.32	5.6	12	52	9	8⅞	8⅞	- ¼
30½	24⅛	Acuson			20	564	16⅞	29⅛	29⅞	+ ⅛
16½	12⅞	AdaEx	4.06e	14.		211	13⅛	13	15⅛	- ⅛
15⅛	6⅞	Adobe				158	13⅛	12⅞	12⅞	- ¼
20⅛	18⅞	Adob pf	1.84	8.7		3	19	19	19	- ¼
21⅞	19⅞	Adob pf	2.40	11.		12	21¼	21⅛	21¼	+ ⅛
10½	7⅛	AMS			5	856	7½	7⅛	7⅛	
35	29½	AMD pf	3	10.		102	28½	28¼	28⅞	+ ⅛
18⅛	8⅛	Advest	.16	2.6	8	210	8⅛	8⅛	8¼	
62½	48⅛	AetnLf	2.76	5.8	6	1673	48⅞	48⅞	49¼	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 43

WORLD STOCK MARKETS

CANADA

MONTREAL
4pm prices January 29

Total Sales 4,667,808 shares

INDICES

NEW YORK

DOW JONES	Jan 29	Jan 26	Jan 25	Jan 24	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2553.38	2559.23	2561.04	2604.50	2810.15 (2/1/90)	2144.64 (3/1/89)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	91.20	91.37	91.54	91.67	94.15 (2/8/89)	87.35 (23/3/89)	—	—
Transport	1074.50	1101.17	1117.35	1128.20	1532.01 (5/9/89)	959.95 (3/1/89)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	218.44	218.06	216.30	218.94	236.23 (2/1/90)	181.84 (24/2/89)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2583.56 (2591.67) Low 2522.97 (2516.89)

STANDARD AND POOR'S	Jan 29	Jan 26	Jan 25	Jan 24	1989/90 HIGH	1989/90 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	325.20	325.80	326.08	330.26	359.80 (9/10/89)	275.31 (3/1/89)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	374.31	374.58	374.86	379.92	411.20 (2/1/90)	318.66 (3/1/89)	411.20 (2/1/90)	3.62 (21/6/32)
Financial	27.63	27.86	28.02	28.30	35.24 (9/10/89)	24.30 (3/1/89)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	179.73	180.21	180.61	182.64	199.34 (9/10/89)	154.98 (3/1/89)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	349.54	350.87	353.64	354.67	397.03 (10/10/89)	305.24 (3/1/89)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	418.11	421.33	425.24	425.66	485.73 (9/10/89)	378.56 (3/1/89)	485.73 (9/10/89)	54.87 (31/10/72)

	Jan 26	Jan 19	Jan 12	year ago (approx.)
Dow Industrial Div. Yield	4.20	3.99	3.96	3.46
	Jan 24	**Jan 17**	**Jan 10**	**year ago (approx.)**
S & P Industrial div. yield	3.11	3.03	2.94	3.12
S & P Indl. P/E ratio	14.09	14.39	14.80	13.40

NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Closing price	Change on day
New Germany	4,788,600	24⅝	+ ⅛
Varity Corp	2,631,200	3	− ⅛
A T & T	2,525,000	39½	+ ⅛
Sec Pacific	2,122,500	35⅛	− ⅞
Fannie Mae	1,999,700	30⅝	− 1⅝
Bank New Eng	1,993,000	4⅛	+ ⅛
Gen Electric	1,858,300	61⅛	− ⅛
Burling Res.	1,478,100	40¼	− 1
Philip Morris	1,439,700	37	
Exxon	1,295,300	47	+ ¼

TRADING ACTIVITY

† Volume (Millions)	Jan 29	Jan 26	Jan 25
New York	151.468	199.717	172.270
Amex	12.780	15.759	11.419
NASDAQ	(u)	136.338	130.496
Issues Traded	1,942	1,964	1,943
Rises	538	549	521
Falls	947	949	933
Unchanged	457	466	489
New Highs	10	8	7
New Lows	144	155	79

CANADA

TORONTO	Jan 29	Jan 26	Jan 25	Jan 24	1989/90 HIGH	1989/90 LOW
Metals & Minerals	3056.64	3064.41	3071.85	3068.44	3919.2 (1/9/89)	3056.64 (29/1/90)
Composite	3722.52	3733.72	3749.35	3761.46	4037.8 (6/10/89)	3350.5 (6/1/89)
MONTREAL Portfolio	1875.79	1876.80	1888.28	1909.57	2069.68 (10/10/89)	1677.48 (3/1/89)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Jan 29	Jan 26	Jan 25	Jan 24	1989/90 HIGH	1989/90 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	(c)	1684.8	1675.3	1661.2	1782.8 (29/8/89)	1412.9 (7/4/89)
All Mining (1/1/80)	(c)	843.6	834.7	818.0	875.1 (29/8/89)	652.6 (7/4/89)
AUSTRIA						
Credit Aktien (30/12/84)	574.59	549.47	542.26	534.04	581.75 (12/1/90)	219.5 (2/1/89)
BELGIUM						
Brussels SE (1/1/80)	6248.50	6203.52	6183.78	6215.03	6835.28 (26/9/89)	5519.30 (4/1/89)
DENMARK						
Copenhagen SE (3/1/83)	362.65	362.21	363.67	363.41	374.24 (18/1/90)	275.49 (27/2/89)
FINLAND						
Unitas General (1975)	664.0	668.2	642.3	646.0	815.8 (18/4/89)	580.8 (23/11/89)
FRANCE						
CAC General (31/12/82)	520.70	518.89	520.66	522.91	561.6 (11/10/89)	417.9 (4/1/89)
CAC 40 (31/12/87)	1904.71	1886.75	1893.23	1881.73	2006.42 (4/1/90)	1525.38 (27/2/89)
GERMANY						
FAZ Aktien (31/12/58)	758.18	751.04	748.04	732.71	776.71 (12/1/90)	535.78 (27/2/89)
Commerzbank (1/12/53)	2229.2	2209.2	2200.5	2151.5	2291.3 (3/1/90)	1595.7 (27/2/89)
DAX (30/12/87)	1811.55	1794.14	1787.59	1756.41	1869.66 (3/1/90)	1271.70 (23/2/89)
HONG KONG						
Hang Seng Bank (31/7/64)	(c)	(c)	2768.86	2756.39	3309.64 (15/5/89)	2093.61 (5/6/89)
IRELAND						
ISEQ Overall (4/1/88)	1843.99	1847.09	1865.46	1846.86	1893.10 (22/1/90)	1360.64 (10/1/89)
ITALY						
Banca Com. Ital. (1972)	684.67	683.23	686.43	688.73	734.84 (31/8/89)	577.49 (28/2/89)
JAPAN						
Nikkei (16/5/49)	37173.70	36874.07	36969.11	36778.98	38915.87 (29/12/89)	30183.79 (5/1/89)
Tokyo SE (Topix) (4/1/68)	2736.76	2711.15	2712.90	2705.46	2884.80 (18/12/89)	2366.91 (6/1/89)
2nd Section (4/1/68)	4046.49	4069.81	4087.17	4058.16	4087.17 (25/1/90)	2774.38 (27/3/89)
MALAYSIA						
KLSE Composite (4/4/86)	(c)	562.98	560.13	558.07	592.90 (11/1/90)	357.31 (3/1/89)
NETHERLANDS						
CBS Ttl Rtn.Gen (End 1983)	249.3	248.2	248.8	245.9	272.7 (21/9/89)	208.3 (3/1/89)
CBS All Shr (End 1983)	191.2	190.4	190.8	188.6	210.5 (3/9/89)	166.7 (1/3/89)
NORWAY						
Oslo SE (2/1/83)	751.72	744.22	743.05	725.33	754.71 (23/1/90)	467.17 (2/1/89)
PHILIPPINES						
Manila Comp (2/1/85)	1065.92	1048.17	1058.74	1067.01	1396.26 (20/11/89)	804.62 (6/2/89)
SINGAPORE						
SES All-Singapore (2/4/75)	(c)	414.25	414.75	413.64	433.24 (11/1/90)	300.07 (4/1/89)
SOUTH AFRICA						
JSE Gold (28/9/78)	2212.0	2215.0	2193.0	2224.0	2254.0 (12/12/89)	1291.0 (15/2/89)
JSE Industrial (28/9/78)	2918.0	2925.0	2922.0	2923.0	3023.0 (15/1/90)	1961.0 (3/1/89)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	897.32	(c)	905.75	903.58	1007.80 (3/4/89)	844.75 (11/12/89)
SPAIN						
Madrid SE (30/12/85)	277.85	276.61	279.13	278.83	328.93 (13/9/89)	268.61 (1/3/89)
SWEDEN						
Jacobson & P (31/12/56)	(u)	4278.8	4283.1	4190.4	4660.5 (16/8/89)	3333.9 (3/1/89)
SWITZERLAND						
Swiss Bank Ind (31/12/58)	747.9	741.0	743.5	742.00	829.1 (6/9/89)	613.1 (3/1/89)
TAIWAN**						
Weighted Price (30/6/66)	(c)	(c)	(c)	(c)	11947.01 (23/1/90)	4873.01 (5/1/89)
THAILAND						
Bangkok SET (30/4/75)	858.16	858.14	846.01	858.02	918.67 (5/1/90)	386.73 (2/1/89)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	535.6	534.2	534.3	571.0 (4/1/90)	487.6 (13/6/89)

**Saturday Jan. 27: Taiwan Weighted Price: (c) Korea Comp Ex. 905.75
‡ Subject to official recalculation.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500: (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Monday January 29 1990

	Stocks Traded	Closing Prices	Change on day
Nippon Steel	11.9m	709	+3
Kawasaki Steel	10.7m	808	+28
NKK	8.6m	697	+8
NEC	8.2m	2,040	0
Sumitomo Mt Id	7.8m	805	+35
MHI	7.8m	1,110	+30
Hitachi	7.8m	1,690	-10
Sumitomo Mt Mg	5.6m	2,190	+30
Cosmo Oil	5.5m	1,360	-10
Gun-ei	6.4m	1,260	0

FINANCIAL TIMES
Tuesday January 30 1990

AMERICA

Early rally fizzles out on round of programme sales

Wall Street

AFTER a hrief attempt to rally at the opening, the equity market started drifting lower again in low volume, *writes Jnnet Bush in New York.*

The Dow Jones Industrial Average closed 5.85 points lower at 2,553.38 on volume of only 151m sbares. At one stage, tbe index had stood more than 25 points lower hut then recovered swiftly in the final hour of trading. Other key indices were also lower.

The Standard & Poor's 500 was quoted modestly lower while secondary stocks continued to come under selling pressure. The Nasdaq Composite index was quoted more than 3 points lower at the close.

Tbe early buying, wbicb took tbe Dow about 10 points higher, was a continuation of the rally during afternoon trading on Friday whicb had erased a loss of about 30 points to leave the Dow only 1.81 points lower at the close at 2,559.23. But the small rally, *which came on the beels* of better performances in Tokyo and London, soon fizzled out.

The market was then driven lower hy a round of programme selling. Chances of a recovery from its recent sharp fall appear slim while the Treasury bond market remains in the doldrums.

The hond market yesterday failed to rebound at all from its slump on Friday, and the yield on the benchmark long bond rose to 8.54 per cent in late trading. A combination of rising yields in the hond market and poor corporate earnings has left the equity market reeling. The Dow would only have to fall about another 5 points from yesterday's close to record the worst January since 1960, when it lost 8.5 per cent.

There are a number of hurdles to be cleared this week including tomorrow's announcement of the details of next month's quarterly refunding and Friday's January employment release.

Kay Jewelers fell \$1½ to \$14¾ as takeover speculation *surrounding* the stock faded. Ratners of Britain denied rumours on Friday that it was prepared to make a \$25 a share bid.

Di Giorgio fell \$2¼ to \$26¼. Mr Arthur Goldberg, the investor, extended his tender offer of \$30 a share until Wednesday. The offer had heen due to expire last Friday.

Pfizer added \$¾ to \$68½ after the Food and Drug Administration approved the drug Fluconzole which treats two AIDS-related fungal infections.

Canada

LIGHT trading in Toronto saw stock prices finisb lower for the fourth consecutive session, dragged down mainly by media and transportation stocks.

The 300 composite index ended 11.20 lower at 3722.52, as declines outnumbered advances 363 to 235. Volume fell to 19,223,000 shares, worth C\$243.2m, from Friday'a 30,895,000 sbares, wortb C\$401.2m.

Europe tiptoes on an East-West tightrope

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US \$ †
	1 Week	4 Weeks	1 Year	Start of 1990	Start of 1990	Start of 1990
Austria	−0.76	+15.11	+99.39	+15.11	+11.77	+14.62
Belgium	−4.22	−4.32	−0.123	−4.32	−6.21	−3.65
Denmerk	−2.62	−1.23	+26.43	−1.23	−3.26	−0.62
Finland	+2.72	+8.13	+2.01	+8.13	+7.04	+9.97
Franca	−2.34	−5.68	+13.70	−5.66	−7.60	−5.08
W. Germany	+0.96	+0.99	+32.23	+0.99	−1.78	−0.81
Ireland	−1.24	+6.70	+32.67	+6.70	+4.61	+7.46
Italy	−2.26	−1.59	+8.92	−1.59	−3.54	−0.90
Netherlands	−1.79	−8.34	+8.71	−6.34	−8.59	−6.09
Norway	−0.38	+5.56	+29.02	+5.56	+3.81	+6.65
Spain	−2.72	−8.78	−2.67	−6.78	−9.40	−8.93
Sweden	−1.01	+0.24	+26.64	+0.24	−1.71	+0.97
Switzerland	−3.32	−3.85	+14.51	−3.85	−3.60	−0.97
UK	−0.90	−4.03	+13.06	−4.03	−4.03	−1.41
EUROPE	−1.23	−3.16	+14.96	−3.18	−4.41	−1.80
Australia	+0.87	+2.73	+12.48	+2.73	−3.79	−1.17
Hong Kong	−0.58	−2.84	−7.35	−2.84	−5.41	−2.83
Japan	+0.46	−8.62	+8.08	−8.62	−8.78	−6.29
Malaysia	−1.76	−1.29	+46.55	−1.29	−4.07	−1.45
New Zealand	−2.78	−3.38	+1.95	−3.38	−6.11	−3.55
Singepore	−2.17	+1.19	+28.81	+1.19	+0.06	+2.79
Canade	−3.50	−5.52	+4.07	−5.51	−10.76	−8.32
USA	−4.01	−7.84	+10.31	−7.84	−1.49	−7.84
Mexico	−1.23	+1.57	+137.44	+1.57	−10.29	+1.20
South Africa	+2.19	+8.69	+53.19	+8.69	+14.01	+17.12
WORLD INDEX	−1.41	−5.91	+8.49	−5.91	−8.04	−5.52

† Based on January 26 1990. Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited.

By William Cochrane

A TENTATIVE recovery in Japan was scant compensation for the continued slide on Wall Street last week. With Europe in a position of uneasy compromise between the two, the FT-Actuaries World Index fell by 1.4 per cent, for a 5.9 per cent decline on the year so far.

New York, which has the unhappy distinction of being the worst performer in the first four weeks of 1990, has been plagued by the fear of a further rise in short-term interest rates, inflation worries and a fast growing list of companies producing disappointing earnings reports.

Mr Albert Edwards, US economist for Kleinwort Benson, says that the US bond market sell-off is a short-term affair, with the rise in yields accelerated by this month's collapse in the Japanese bond market. That could support the view that the three-week decline in US equities has been a correction, rather than the beginning of a bear market. However, there are other commentators such as Hoare Govett who say that, while there may be scope now for a small rebound, the trend continues to be downwards.

In Europe, there were only two winners, and they were very different in character: Finland, bombed out in 1989 and still with severe qnestion markets over its economic policies and prospects, has been lifted hy corporate activity in the forestry sector.

West Germany's 1 per cent lift, following a 4.3 drop the week before, reflects a sound growth aconomy with hnge prospects in Eastern Europe; however, those prospects vary from week to week with the apparent strength of the Soviet leadership, and there are worries about the danger of protracted, bitter wage negotiations in the current round between employers and members of the IG Metall metalworkers' union.

Europe's hig losers were Belgium and Switzerland. The former can be a very thin and illiquid market and last week, say observers, it was even worse than usual. Apart from speculative situations, which included tipsheet rumours last Friday about Société Générale de Belgique and two of its quoted subsidiaries, Hoboken and Acec, there seemed to be little will to invest.

This may have been shortsighted. The quality of last Wednesday's domestic inflation figures, apparently, was mask8d by an increase in excise duties. Without those, they would have heen very encouraging indeed.

The Swiss seem to have intensified their fixation on other markets and the high leval of short-term interest rates. It was reported last week that many large Swiss institutional investors were choosing to hold thair money in high-yield, short-term money market instruments, rather than invest in equlties.

Outside Europe, the main action was in and around hullion as most Pacific Basin markets began to wind up for the Chinese new year holiday. South Africa moved to second place in the 1990 rankings, after a buoyant week for gold shares, and Australia, with a more widely-based market, followed at a more gentle pace.

Bank sees 15% gain in US

By William Cochrane

THE US equity market is nnlikely to move out of its present phase until the spring or early summer, bnt it could end 1990 with a good performance overall, according to Kidder Peabody, tbe US investment bank.

Mr Joseph Fuchs, managing director and bead of research at Kidder Peahody was in London yesterday to talk to UK institutions. He said that the 9 per cent fall in the Dow Jones Industrial Average since it peaked at tbe start of this year was a short-term correction, ratber than a fundamental change in direction, and that the market conld end 1990 with a gain of 15 per cent.

Rednced earnings expectations bave been at the heart of the market's prnhlem, be added: a rise in earnings per share of 63 per cent in the three years to December 1989 inclnded a rise of only 2 per cent in 1989, and the earnings prospect for 1990 was between stasis and a 3 per cent gain.

"Analysts' expectations are still very mncb higber than those of the economists," Mr Fnchs nhserved. Immediate sbort-term prospects are also affected by fears of a further increase in short-term interest rates, np from 7.7 per cent to 8.5 per cent in tbe past month, worries abont inflation, the slowdown in the US economy and the sometimes disastrous effect on company resnlts.

Howevar, be aaid, Kidder Peabody was looking for an alternative to this scenario in a declining bndget deficit, a cnt in inflation, and short-term interest rates coming down to abont 7.75 per cent.

The predicted rise in share prices wonld require stocks to be valned on higher p/e multiples, as distinct from 1988 and 1989 when all of the market's rise reflected higber reported earnings. "This market nltimately needs visible and predictahle corporate prnfits," said Mr Fuchs, "and the confidence which has been sorely lacking in recent years."

ASIA PACIFIC

Nikkei rebounds above 37,000

Tokyo

CONTINUING CALM on the bond market and the firmness of the yen helped to give share prices a strong hoost, hut volume remained paltry, *writes Michiyo Nakamoto in Tokyo.*

Index-linked huying supported a rise in tbe Nikkei average ahove the 37,000 level for the first time in four days. It closed at 37,173.70, up 299.63. During the day, it moved between a low of 36,912.51 and a high of 37,224.79. Advances led declines hy 583 to 334, while 203 issues were unchanged.

Turnover, at 430m shares, was extremely thin even compared with recent levels and much lower tban the 523m traded on Friday. The Topix index of all listed stocks gained 25.61 to 2,736.76 and, in London trading, tbe ISE/Nikkei 50 index rose 3.08 to 2,058.15.

The yen's rise against tne dollar did its part to encourage buying, particularly from new index-linked funds. Dealer activity, aimed at lifting spirits at the start of trading for February, was anotber factor behind the rebound.

While the rise in tbe Nikkei appeared to indicate an improvement in market sentiment, tbe low volume revealed that investors remained as cautious as they have been for the past few weeks.

"The market reflects tbe uncertainty in the minds of most fund managers," said Mr Masao Fujita, senior manager of the Capital Markets Trading Department at Sanwa Bank. Investors were finding it very difficult to see where the yen was heading and, in turn, what the market faced in coming weeks, he said.

Most people were not ready to sell at present levels, as prices were beginning to look cheap. Many investors expected a run, supported hy frantic dealer activity, before the national elections in February, Mr Fujita said.

It was also likely, however, that the market would see profit-taking towards the end of March as institutional investors looked to close their books at that time, he said.

The nncertainty was reflected in a switch in market focus. Electricals, which had been favoured last week for their good business growth prospects, suffered profit-taking. Hitachi lost Y10 to Y1,590 and Pioneer Y70 to Y6,050.

On the other hand, steels and beavy industry stocks, which had been dumped in view of tbe rising interest rates, gained as investors felt that prices had reached attractive levels. Nippon Steel topped the volumes list witb 11.9m shares and added Y3 to Y709, while Kawasaki Steel followed with 10.7m shares and a gain of Y28 to Y808.

Reports that the US was pushing for greater financial deregulation in Japan boosted financial issnes, witb Industrial Bank of Japan up Y190 at Y5,700.

Mixed trading took the OSE average in Osaka moderately higher to 37,936.43, up 82.62. Volume fell to 58m shares from the 63.6m traded on Friday.

Roundup

THE PHILIPPINES and New Zealand both advanced in thin trade, reflecting the closure of Sydney for Australia Day, and Hong Kong, Singapore and Taiwan for the lunar new year.

MANILA firmed during a late buying spree, reflecting a delayed reaction to the arrest of a rebel leader following last month's failed military coup.

Tbe composite index rose 17.75 to 1,065.92, with combined turnover on the two bourses falling to 63m pesos from Friday's 66m pesos in spite of a douhling of volnme to 804m from 401m shares traded.

WELLINGTON trade was very quiet, with the Barclays index rising 6.69 to 1,940.38 on turnover of only 1.4m shares worth NZ\$2.4m, compared with Friday's 5.5m and NZ\$9m.

JAKARTA turnover was high mainly because 20m shares in Semen Cibinong, the cement group, changed hands. The stock fell 1,150 rupiah to 9,550 rupiah as the company floated 14m shares yesterday in the second of two issues. Turnover totalled a bnsy 20.49m shares and the index put on 6.63 to 441.25.

SEOUL sank below the 900 mark on the composite index in thin trading. The index sbed 8.43 to 897.32.

EUROPE

Bourses call a halt to three-week downtrend

CONTINENTAL hoursea seemed ready to call a halt to tbeir downtrend yesterday after three weeks of decline, *writes Our Mnrkets Staff.*

FRANKFURT liked the news that East Germany would hold its first free elections two months earlier than planned. After a 7.14 rise to 758.18 in the FAZ index at midsession, the DAX closed 17.41 higher at 1,811.55. Volume eased from DM7.7hn to DM8.9hn.

The renewed focus on Eastern European prospects gave Metallgesellschaft a rise of DM18.50 to DM647.50. In growing activity by Japanese country funds, Hoechst led a belated rise in chemicals with a rise of DM6.40 to DM295.30.

Siemens was the most actively traded stock, in turnover of DM938m, and headed the international blue chip winners with a gain of DM11.70 to DM738.20. It benefited from strong demand for call options on the newly formed Deutsche Teminbörse, where Siemens calls were the most actively traded instruments on the futures market's first two days of operations.

Disappointments on the day included Deutsche Bank, held to a DM2 gain at DM816 on rumours of a rights issue; and Klöckner Werke, which is said to be asking British Steel for a high price for its Mannstädt snhsidiary and which fell DM1.50 to DM256.50.

Among otber hanking shares, Dresdner Bank climbed DM5 to DM418. The state court in Frankfurt accepted the appeal of 8 small shareholder and declared invalid Dresdner's 8o-c8lled conditional voting right limitation, an anti-takeover defence.

KHD, the machinery group, rose DM5.50 to DM255.50 after a report that Deutsche Babcock plans to acquire a 41 per cent stake from Deutscbe Bank and Allianz. Babcock, which is to omit its 1989 dividend because of a sharp drop in earnings, rose DM4.30 to DM206.30.

ZURICH took its lead from Frankfurt, saw buying develop and the Credit Suisse index rose 3.5 to 598.5.

Ascom, the telephone maker, rose SFr25 to SFr3,050 as it expected to maintain its 1989 profits in spite of significant restructuring costs; hut Sulzer, the machinery group, closed unchanged at SFr5,175 although it expected markedly higher profits for last year.

PARIS nudged higher in quiet, narrow-range trading, with the oil sector displaying the strongest signs of life. Wall Street's firmer opening helped the CAC 40 index gain 17.96 to 1,904.71, near the day's highs. Turnover was estimated at less than FFr2.25bn.

Elf Aquitaine, the state-controlled oil cnmpany, gained FFr16 to FFr556 on hopes of healthy 1989 earnings due today. One salesman predicted a 26 per cent rise in net profits; he said that investors saw the stock, which lagged the market last year, as a cheap source of value in an uncertain world.

Higher long-term expectations for oil prices also gave a fillip to energy shares. BP France added FFr11.60, or 6.7 per cent, to FFr183.50, Raffinage gained FFr11.20 to FFr195.20 and Total-CFP rose FFr18 to FFr527.

Some shares that declined at the end of last week improved, with Michelin, the tyre company, up FFr6 at FFr163, Peugeot FFr9 higher at FFr758 and Saint-Gohain rising FFr5 tn FFr588.

Dumez, the huilding company, which received an analyst's huy recommendation yesterday, rose FFr28 to FFr848.

AMSTERDAM slipped from its high for the day as Wall Street let go of some of its opening gain. Turnover was light as the CBS tendency index added 0.5 to 111.6.

Among hlue chips, Royal Dutch gained 50 cents to Fl 139.20, after an early loss of 70 cents.

Philips, the electronics group, added 30 cents to Fl 42.90; at the weekend, it said it was discussing Fl 450m worth of joint ventures and orders in Eastern Europe. Nedlloyd rose 40 cents to Fl 82.30 after Friday's news that it had signed a letter of intent with two Japanese companies for the construction of two container ships, at a cost of more than Fl 100m each.

MADRID was a little firmer after last week's declines, as the general index picked up 1.24 to 277.85. Construction stocks saw the best improvement, with Urbis up 11 percentage points at 397 per cent of par. Banesto, which became the second bank to move on to the continuous, computerised market, slipped Pta175 to Pta4,250. Santander, which was the first bank to move, eased Pta10 to Pta5,320.

BRUSSELS was preoccupied with interest rate fears and shares ended mixed. The cash market index rose 44.98 to 6,248.5.

Acec-Uninn Minière, the non-ferrous metals arm of Société Générale de Belgique, the holding company, fell BFr270, or 4.8 per cent, to BFr5,340 after the parent company denied speculation that it was negotiating the sale of a stake to RTZ, the UK-based mining group.

Hohoken, which is being merged into Acec-UM, also fell heavily, ending BFr650, or 2.9 per cent, lower at BFr21,550. Both it and Acec-UM had risen sharply on Friday as a result of the speculation.

Société Générale advanced BFr90, or 2.7 per cent, to BFr3,460 in lively trade, with solid foreign interest now that restructuring is complete.

STOCKHOLM prices closed an average 1.7 per cent down as almost all financial business in Sweden was halted hy a lock-out of 50,000 bank employees involved in a wage dispute. Total turnover amounted to a tiny SKr15m and the Affärsvärlden general index shed 16.1 to 1,217.8.

COPENHAGEN saw more interest in the telephone companies which enlivened last week's trading, and shares in this sector again moved higher. But interest rate worries surfaced and the hoursa index edged up 0.44 to 362.65.

OSLO advanced with support from oil prices and a strong economic ontlook. The all-share index rose 3.61 to 564.58.

HELSINKI eased in very thin trade as a han on inter-bank payments limited trade on the bourse. The Unitas all-share index fell 4.2 to 664.

SOUTH AFRICA

GOLD shares closed firmer in Johanneshurg with stocks supported by a firm bullion price and a partial retreat in the financial rand.

FT-ACTUARIES WORLD INDICES

Jnintly compiled by The Financial Times Limited, Gnldman, Sachs & Co., and County NatWest/Wood Mackenzia in conjunctinn with the Institute of Actuarias and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY JANUARY 29 1990						FRIDAY JANUARY 26 1990			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989/90 High	1989/90 Low	Year ago (approx)
Australia (84)	150.07	+0.3	132.55	130.80	+0.0	5.21	148.61	133.90	130.90	160.41	128.28	153.63
Austria (19)	217.38	+3.9	192.02	189.18	+2.8	1.37	209.20	187.24	184.10	219.85	92.84	95.30
Belgium (61)	150.57	+1.0	132.99	130.14	+0.2	4.30	149.03	133.38	129.92	160.02	125.56	134.77
Canede (120)	139.75	+0.2	123.44	120.27	−0.3	3.33	139.52	124.87	120.62	154.17	124.67	135.28
Denmark (36)	243.75	+1.3	215.30	214.66	+0.3	1.47	240.71	215.44	214.11	250.34	165.36	156.97
Finland (26)	147.71	+0.8	130.47	122.37	+0.1	2.55	146.59	131.18	122.28	159.15	118.63	132.46
Franca (125)	150.60	+1.7	133.02	134.77	+0.8	2.80	148.10	132.55	133.58	157.97	112.57	118.13
West Germany (96)	127.02	+1.7	112.19	110.90	+0.9	1.90	124.84	111.73	109.88	130.32	79.56	85.26
Hong Kong (48)	113.72	−0.1	100.45	114.04	+0.0	5.00	113.82	101.87	114.04	140.33	86.41	126.39
Ireland (17)	196.53	+0.7	173.59	175.43	−0.2	2.48	185.08	174.60	175.70	198.57	125.00	137.34
Italy (96)	98.62	+1.1	87.11	92.06	+0.3	2.49	97.54	87.30	91.75	102.11	74.97	82.42
Japan (455)	187.18	+1.2	165.33	169.37	+1.1	0.48	184.98	165.56	167.56	200.11	164.22	192.89
Malaysia (36)	225.81	+0.0	199.46	234.99	+0.0	2.28	225.71	202.02	234.97	238.21	143.35	155.23
Mexico (13)	332.03	+0.8	293.28	980.16	+0.8	0.53	329.36	294.78	872.27	337.02	153.32	162.25
Netherlend (43)	136.63	+1.1	120.69	118.02	+0.4	4.56	135.12	120.94	117.55	145.66	110.63	114.77
Naw Zealand (18)	70.01	+0.7	81.84	62.40	+0.2	5.65	69.53	62.23	62.26	88.18	62.84	70.18
Norway (24)	215.28	+1.0	190.15	189.20	+0.2	1.44	213.14	190.78	188.84	218.26	139.92	161.54
Singapora (26)	182.49	+0.2	181.18	157.01	+0.0	1.85	182.15	163.03	157.01	189.94	124.57	139.25
South Africa (60)	231.14	+0.4	204.16	187.59	+1.4	3.32	230.17	206.01	165.29	231.14	115.35	123.75
Spain (43)	154.78	+2.0	136.71	127.10	+0.9	4.16	151.78	135.85	128.02	169.75	143.14	149.55
Sweden (35)	195.13	+0.8	172.35	176.71	+0.1	1.94	193.92	173.56	176.48	206.95	138.45	149.76
Switzerland (62)	94.69	+1.8	83.64	87.20	+0.8	2.05	93.18	83.38	86.49	99.12	67.81	77.15
United Kingdom (306)	159.39	+1.9	140.78	140.79	+0.5	4.48	156.46	140.03	140.03	164.31	133.28	149.71
USA (542)	131.55	−0.2	116.19	131.55	−0.2	3.59	131.83	117.99	131.83	146.29	112.13	119.98
Europe (989)	142.18	+1.7	125.57	125.09	+0.8	3.42	139.82	125.14	124.29	146.66	112.63	119.66
Nordic (121)	191.65	+0.9	169.28	164.13	+0.2	1.74	189.90	169.96	163.83	198.12	137.95	144.61
Pacific Basin (667)	183.03	+1.1	181.67	165.76	+1.0	0.73	180.98	161.88	164.09	194.72	160.44	188.45
Euro – Pacific (1656)	166.87	+1.3	147.40	148.55	+0.9	1.66	164.70	147.41	148.23	174.18	141.56	160.93
North America (662)	131.95	−0.2	116.54	130.85	−0.2	3.57	132.18	118.32	131.13	146.66	112.79	120.80
Europe Ex. UK (683)	130.37	+1.5	115.15	115.41	+0.7	2.70	128.40	114.92	114.59	134.66	96.30	101.10
Pacific Ex. Japan (212)	133.22	+0.2	117.87	120.55	+0.0	4.78	132.96	119.00	120.54	140.05	111.93	135.18
World Ex. US (1849)	166.65	+1.3	147.20	149.01	+0.9	1.73	164.56	147.28	147.73	173.77	141.49	159.67
World Ex. UK (2085)	152.53	+0.7	134.73	143.36	+0.5	2.06	151.45	135.55	142.80	162.00	136.98	143.85
World Ex. So. Af. (2331)	152.65	+0.8	134.83	142.81	+0.5	2.28	151.40	135.50	142.18	161.64	136.67	144.48
World Ex. Japen (1936)	137.09	+0.6	121.09	129.58	+0.2	3.55	136.32	122.01	129.38	145.52	114.51	121.08
Tha World Index (2391)	153.12	+0.8	135.25	143.06	+0.5	2.29	151.87	135.93	142.32	162.05	136.68	144.36

Markets closed Jan.29: Australia,Hong Kong,Meleysia and Singapore. A full update of prices was unavailable for Finland & Sweden.

NYSE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		Continued from previous Page								
1	5-32	Gentel				221	15-64	7-32	7-32	+1-64
58 7/8	48 3/8	QuakrO	7.40	2.8	20	2298	50 5/8	49 3/4	50	+ 1/8
19 3/8	12 1/4	QuakSC	.80	6.3	29	616	13 1/4	13 1/4	12 5/8	− 1/8
19	11 3/8	Quanex	.40	3.5	5	146	11 3/4	d11 1/2	11 5/8	− 1/8
31 3/8	23	Quanx pf2.28		10.		25	25	d22 5/8	22 3/4	− 1/4
59 1/2	20 1/4	Quantum			2	879	23 3/8	22 1/4	22 1/2	− 1/4
13 1/2	10 3/4	QstVl	1.20a	9.5		199	12 3/4	12 1/2	12 5/8	− 1/8
14 5/8	9 3/8	QstVC				339	13 1/2	12 7/8	13	
39 3/4	31 1/2	Questar	1.92	5.3	16	33	36 5/8	35 7/8	36 1/8	− 1/8
18 1/4	12 1/2	QkRelty	.28a	2.3	19	1202	16 1/2	d12	12	− 1/8
		− R − R − R −								
11 7/8	9 7/8	RAC	fn1.20a	11.		114	10 3/8	10 3/8	10 3/4	+ 1/4
6 5/8	1 7/8	RAC	.53e	17.		58	2 3/4	3	3 1/8	
9 1/2	8 7/8	RLI Cp	.40	4.7	6	28	8 1/2	8 1/2	8 1/2	
19 3/4	11 1/4	ROC Fd.38e		2.3		7106	16 7/8	13 3/8	16 3/4	+1 1/8
6 1/4	8 1/4	RPC			14	41	5 3/4	5 5/8	5 5/8	− 1/8
8 1/2	5 3/8	RPS	.81e	14.	5	300	5 7/8	5 5/8	5 3/4	
65 5/8	43 3/8	Racal	.26e	.4	36	1197	59 1/2	58 3/8	58 3/8	+ 1/8
6 1/8	2 3/8	Radice	e			16	3	6	3	+ 1/8
91 1/2	78	RalsPur	1.85	2.4	14	464	78 1/2	78 1/4	78 5/8	− 1/4
9 5/8	5 7/8	RangrO			27	250	5 3/4	3 3/8	5 3/4	+ 1/8
39 1/4	33	Raycm	.32	1.1	39	1210	28 7/8	d27 1/4	28 3/8	− 1/4
21	19	Raymr	2.80	14.	5	98	20 1/8	20 3/8	20 3/8	− 1/8
6 1/8	1/8	vjReytc				25	2 3/4	9 1/8	3 1/4	
20	64 3/4	Raythn	2.20	3.4	8	1149	65 3/4	20	20 1/8	− 1/8
5	15-16	RdgB	n			58	2 3/4	2 5/8	2 3/4	
17	14 1/8	REIT	1.56	9.5	19	90	14 1/8	14 3/4	14 1/8	
12 3/8	6 1/2	RecnEq				47	6 1/4	6	6 1/8	− 1/8
28	11 1/8	Reebok	.30	1.9	12	2898	19 3/8	16 5/8	16 5/8	− 1/8
14	9 3/8	Reece	.15e	1.6	47	34	9 1/8	9 3/8	6 1/8	
1/8	7-64	Regal				332	5-78	1/8	1/8	
[illegible]										
		− X − Y − Z −								
57	38	Wrigley	.80a	1.8	18	408	49 1/4	48 3/4	49 3/4	+ 1/8
11 7/8	7 3/4	WyleLb	.28	2.0	17	59	16 1/8	10 7/8	16 5/8	
12 1/8	5	Wynn				133	18	9 3/4	18	+ 1/8
59	52 7/8	Xerox	3	5.6	14	1893	53 3/4	52 7/8	53 1/8	− 1/8
49	44 1/2	Xerox pf4.13		8.6		2	47 1/4	47 1/2	47 3/4	− 3/8
43 5/8	23 1/2	XTRA	.72	3.0	36	44	24 7/8	24 1/4	24 1/4	− 1/8
32 1/2	21 3/4	XTRA pf1.94		9.0		1	21 1/2	21 1/2	21 1/2	
4 1/8	2 1/8	Zapata				225	2 1/2	2 3/8	2 1/2	
21 1/2	9 3/8	ZenithE				1572	6 7/8	d 9 1/8	9 1/4	− 1/2
21 1/2	17	ZenNtl	.64	5.0	8	118	17 1/4	d16 7/8	16 7/8	− 5/8
10	5 3/4	Zenix	1.08	18.		453	8 1/8	5 7/8	6	+ 1/4
13 1/2	14 1/8	Zero	s .40	2.7	14	65	15 1/8	15	15	
44 1/4	25 3/4	Zurnks	.76	2.1	16	453	36 1/8	35 1/2	36 3/8	+ 1/8
12 1/8	18	Zweig	1.21e	11.		1028	11 1/8	11	11 1/8	− 1/8
16	6 3/4	ZweigTl	.88	10.		1273	9 7/8	9 5/8	9 1/8	− 1/8

Sales figures are unofficial.Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months.g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months,plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4pm prices January 29

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

NASDAQ NATIONAL MARKET

3pm prices January 29

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
[illegible]							
Wilm7t	1.44	11	27	20 1/8	38 1/4	38 1/4	− 1/4
Wisc7y		16	9	11	11	11	
WiserO	.40	33	356	20 1/4	19 1/2	18 1/8	− 1/8
Wolohn	.28b	9	52	16 1/2	16	16	− 1/2
WivEx	h		2804	11 1/2	10 1/8	10 7/8	− 1/4
Worthg	.56	16	671	20 7/8	20 1/8	20 3/8	− 1/4
Wyman	.56		194	13	12 1/2	12 1/2	
		− X − Y − Z −					
XL Dta	s	6	942	8 1/2	8 1/8	8 1/8	
XOMA			1924	20 3/4	16 1/4	19 3/4	− 1 1/2
Xicor		8	530	3 1/4	3 1/8	3 3/8	− 1/8
YanEnS	.76a	13	212	20 1/4	13 1/2	20 1/4	+ 1/4
YnlowF	.76	11	616	25	24 1/4	24 7/8	− 1/8
YorkRs		17	211	10	9 1/8	0 1/4	− 1/4
ZionUt	1.44	11	25	26	25 3/4	25 1/4	− 1/4

ALARM OVER PROSPECT OF GERMAN REUNIFICATION

Polish premier seeks frontier guarantees

By Ian Davidson in Strasbourg

MR TADEUSZ Mazowiecki, Prime Minister of Poland, yesterdsy voiced in unusually firm terms his country's anxieties at the prospect of German reunification and demanded guarantees of the permanence of Poland's western frontier.

"No peopte can be denied the right to live within the same state," he told the Council of Europe's parliamentary assembly in Strashourg. "But the division of Germany resulted from a major disaster caused by the Nazi state, which destroyed tens of millions of lives. tt is therefore not at all *surprising today* if, at a time when the prospect is emerging of a reunited German state, the memory of this disaster arouses anxieties which cannot be alleviated."

He said that the German question must be settled "with the agreement of all the interested parties, and in a manner which will guarantee the inviolability of the western frontier of Poland."

He also repeated his earlier snggestion for the establishment of a Council for European Co-operation, which would embrace all the signatories to the Final Act of the 35-nation Conference on Security and Co-operation in Europe. He said the council could have two functions: to prepare summit meetings of the CSCE states, and to examine pan-European problems.

Mr Mazowiecki'e comments came as he formally lodged his country'e anplication to become a full member of the Council of Europe. "The Polish people are acutely aware of belonging to Europe and the European heritage," he said.

Poland thus becomes the second East European country after Hungary to seek full membership of the 23-nation Council of Europe, one of the founding organisations of European integration, which includes all the countries of Western Europe.

Since last year Poland and Hungary, together with the Soviet Union and Yugoslavia, have had special guest status in the Council of Europe, which allows them to send delegates to attend and speak in debates of the Council's Parliamentary Assembly, as well as in certain committee meetings.

Yesterday East Germany also applied for special guest status, following similar applications earlier this month from Czechoslovakia and Bulgaria.

Full membership in the Council of Europe, which has to be approved jointly by member governments and by the Assembly, is only open to fully pluralist democracies.

The Polish application could pose a problem, since its last general elections were not completely free, reserving a proportion of seats in the lower house for the now-disbanded Communist Party

BETWEEN 600,000 and 1m Poles are working unofficially in West Germany and West Berlin, according to Mr Jacek Kuron, the Polish Labour Minister, writes David Goodhart in Bonn. Mr Kuron's estimate, made yesterday during a visit to West Germany, surprised Bonn Labour Ministry officials who said they had no idea whether it was accurate.

Mr Kuron signed an agreement in Bonn allowing the number of officially sub-contracted Polish workers in West Germany to increase from 9,500 to 11,000.

Unease at the growing number of Poles of German descent who are emigrating to West Germany has been expressed by an association of 10 towns in the heavily industrialised Ruhr region. The association wants a halt to snch immigration.

Negotiations begin next week between West Germany and Poland on revising a treaty signed in 1975 which provides ethnic Germans from Poland with full West German pension rights.

The West German labour market saw an average 3.6 per cent rise in pay levels last year, according to the Bonn Labour Ministry. About 16m workers now work fewer than 40 hours per week with average working time now 38½ hours.

Old fears return to haunt citizens of new Romania

Victor Mallet watches a rough political game

AN OLD-FASHIONED sort of fear has begun to reappear in Romania less than six weeks after the December revolution which toppled Nicolae Ceausescu. It is not the fear of being shot in the streets, bnt the fear of informers and secret police files.

As demonstrations for and against the ruling National Salvation Front grow larger and noisier in an escalating battle of slogans, the opponents of the Front believe that its ex-Communist leaders are reverting to their old, repressive ways.

Although free speech is still very much in evidence, some of the Front's street critics are now reluctant to give their names to passing journalists for fear of reprisals, and there is much talk about the return of the hated Securitate.

The Front is playing a rough political game, organising pro-Government demonstrations with the help of the state media and its own local committees, and issuing crude decrees in a hopeless attempt to restrict the demonstrations of its rivals. Each side has accused the other of attempting to seize power through a coup d'état.

The interim Government, however, is not yet the monolithic or Stalinist organisation portrayed by its severest critics. On the contrary, it remains an unstable concoction of political factions and committed individuals, some ambttious and others anxious to return to normal life and a good night's sleep.

The popular but indecisive President Ion Iliescu has shown himself to be a man easily influenced by the shouts of protesters outside his office in Victory Sqnare. His latest dilemma concerns opposition demands for a multi-party Council of National Unity to replace the Front's provisional administration, following the latter's decision to act like a political party and field its own candidates in the elections due in May.

Prime Minister Petre Roman's main claim to fame in Romania is his attractiveness to women, although he spends much of his tima worrying about the disastrous state of the centrally-planned economy inherited from Ceausescu. Mr Sylviu Brucan, another important member of the Front's executive, has alienated many ordinary Romanians with his intellectual arrogance and intolerance of criticism.

After more than four decades without freedom, Mr Iliescu's opponents are hardly political experts either. Political arguments in Romania focus on the ownership of the revolution (was it achieved by students, workers, reform Communists or soldiers?), and the legitimacy of the Front (does it have the right to a monopoly of power?). But neither Mr Iliescu nor his rivals seized the opportunity to address a crowd of thousands and a television audience of millions when they appeared on the balcony of the Front'a headquarters on Sunday.

Mr Corneliu Coposu, 74-year-old leader of the National Peasants Party, is a gentlemanly and brave politician who spent 17 years in jail for his democratic views. But he looks ill and his voice is weak. Both he and Mr Radu Cimpeanu, the leader of the National Liberal Party, had to abandon their offices on Monday when they were besieged by thousands of pro-Government demonstrators.

To say that Romanians are unfamiliar with politics is an understatement. The unpredictability and the imperfections of a free society have made people nervous and confused, as well as happy. Even the vocabulary is inadequate, and Romanians routinely describe people with whom they disagree as "instigators" or "*provocateurs.*" People divide themsetves into the rigid categories of worker, peasant and intellectual.

The wildness of the rumours and the frankness with which racist and xenophohic feelings are expressed are astonishing to the first-time visitor from Western Europe. Gypsies, Jsws, Hungarians and Slavs are roundly condemned for lurid crimes of mass robbery, political violence or territorial ambition.

Front officials have stoked the fires of nationalism by claiming that opposition demonstrators are drunkards paid with foreign money, hut there are signs that they may be regretting such methods. On Monday, Mr Iliescu and Mr Roman urged their supporters to go back to work to rescue the economy from its desperate straits.

So far this week there appears to have been little bloodshed, although Mr Brucan said *three people had been* stabbed when supporters and opponents of the Front staged rival demonstrations on Sunday.

Romania's most pressing problems have yet to be tackled, and Mr Iliescu must know that the loyalty of the factory workers will waver if food queues get much longer. Agriculture needs to be revived, and industry restructured in a way likely to lead to further unemployment. A peaceful election campaign has been thrown into doubt by the attacks on the opposition parties.

The army, the iron fist of the revolution, waits in the wings. Soldiers smile and smoke cigarettes as protesters mill around them, but they seem to be becoming impatient with people climbing all over their tanks and armoured cars.

THE HEAD of the Romanian broadcasting aervice resigned yesterday as chief spokesman of the ruling National Salvation Front after allegations that the provisional Government was using the media as a political weapon against the opposition, AP reports from Bucharest.

The resignation of Mr Aurel Dragos Munteanu, the second defection from the Front in four days, came as leaders of *the two largest* opposition parties accused the Front of engineering Monday'e attacks on their headquarters.

Also yesterday, the Front published the draft of a law outlining the framework for a democratic system, including political pluralism, the eeparation of legislative, executive and judicial powers and the election President by the people.

The bill was debated in a weekend meeting of leaders from Romania's more than 20 political parties, some new and some revamped since the December revolution toppled the Ceausescu regime.

Six more killed in Kosovo

AT LEAST six people, including a policeman, were killed in clashee in Yugoslavia's Kosovo province yesterday over demands hy ethnic Albanians for political reforms, Reuter reports from Pristina. This hrought the death toll after a week of riots to 22.

Paramilitary police forces hattled thousands of ethnic Alhanians throughout the province, using hatons and spraying crowds with tear gas from helicopters.

Finland's trade balance in red

Finland's trade hatance dropped to a deficit of FM5.5bn (£835m) last year from a surplus of FM784m in 1988, according to figures released by the National Board of Customs, Enrique Tessieri reports. The poor figures are expected to increase the current account deficit from FM12.58bn in 1988 to around FM21hn in 1989.

BA to sue bomb hoax passengers

British Airways is to sue two passengers who, after a car to Geneva airport had broken down, tried to delay their flight *to London* by *telling* the airport there was a bomh on their aircraft, writes Paul Abrahams. The two men, who are Canadian, face criminal charges in Switzerland. BA said that losses caused by the delay and lost business could run into thousands of pounds.

Europe warned on biotechnology

Seven large European companies – Ferruzzi, Hoechst, ICI, Monsanto, Rhône Poulenc, Sandoz and Unilever – have warned that Europe is falling behind Japan and the US in the development of biotechnology, writes Tim Dickson in Brussels.

In a paper to the European Commission, they call on Brussels to resolve its many hiotechnology policy initiatives, establish a clear product registration system hased on efficacy and quality criteria, promote reseerch and development, and create a single market for hiotechnology processes and products.

Czech Communists lose majority

Czechoslovakia's Communists lost their parliamentary majority yesterday, paving the way for the restoration of multi-party democracy after free elections in June, Renter reports from Prague. Both houses of the federal Parliament voted to replace deputies who resigned or were recalled by their parties under a new law passed last week.

"The reconstruction of Parliament introduced 120 new members of which eight are Communist deputies," the state news agency said. "This stripped the Communist party of the majority representation which it enjoyed for more than 40 years."

Travel mayhem for French commuters

French commnters faced chaos yesterday, with train strikes, hlockaded roads, bad weather and no news service to tell them how to get to work, Reuter reports.

A strike in the Paris area halted two out of three suburban trains and a 36-hour national stoppage called to press for wage rises and joh security was due to start later in the dsy.

Lorries blocked roads, as drivers began a protest over high petrol prices. News services on France's state-owned radio and the FR3 television channel were hit hy a journalists' strike and, to cap it all, gales gusting up to 95mph were forecast for the north.

Court frees Honecker on health grounds

By Leslie Colitt in Berlin

MR ERICH HONECKER, the former East German leader, was released from detention yesterday after an East Berlin court ruled he was too ill to be held in custody. But he will still have to face trial for high treason in March, a spokesman for the prosecutor-general said.

Mr Honecker was let out of hospital on Monday after a cancer operation and taken to Rummelsburg detention centre in East Berlin. A judge, however, agreed with the view of Mr Honecker's physician and ruled that he was too ill to be confined.

The Chief Public Prosecutor, Mr Hans-Jürgen Joseph, appealed sgainst the ruling, apparently with the support of many Eaet Germane. Mr Honecker, who was depoeed last October, is being widely hlamed, along with his aides, for the present economic and political crisis.

His Socialist Unity Party, meanwhile, said it would change its name next Sunday to the Party of Democratic Socialism in an attempt to improve its image.

Ths mass restgnation of party members continued yesterday as 11 senior members of Leipzig district council, including the chairman, Mr Joachim Draber, handed in their party cards. They said the party had proved unable to renew ttself radically and that they would continue in their posts, bound only by concern for the people'e welfare.

Mr Lothar de Maiziere, head of the East German Christian Democrats (CDU), also signalled his withdrawal from the Government as Deputy Prime Minister. Mr Maiziere is expected to hold talks this week in West Berlin with Mr Helmut Kohl, the West German Christian Democratic Chancellor, on establishing links between the two parties. Until now the CDU in Bonn has avoided contact with the East German CDU because of the compromising role it played for 40 years as a coalition partner of the Communists.

East Germany's other parties, facing elections in March, said they would also seek new alliances to confront the Social Democrats (SPD), the largest opposition party, which is receiving hefty snpport from its West German counterpart.

Ruling Communist party hard-pressed to contain social unrest

Bulgarian opposition spurns coalition offer

By Judy Dempsey in Sofia

BULGARIA'S ruling Communist party yesterday invited the independent opposition to form a government of national consensus, an offer immediately rejected by the opposition.

The offer to form a transitional government was made by Mr Petar Mladenov, the party leader, dnring his address to the Communist Party Congress which opened yesterday in Sofia.

Mr Mladenov's offer suggests the Communist Party leadership is hard-pressed to contain social unrest and cope with the economic and political crisis.

Mr Peter Beron, one of the founding members of Eco-Glasnost, the independent ecology movement, and the spokesman for the Union of Democratic Forces, the umbrella organisation for the independent opposition, yesterday ruled out any such co-operation with the communists.

"It (the invitation to form a transitional government) is a trap because they (the Commnnists) have all the levers of power and the mechanics of decision-making. They want to show the population that there is unity. Even if they offered us all the government posts, it would not change anything. We will not solve their problems for them. We do not want our hands tied."

Without some form of agreement between the party and the opposition which is just as divided as the BCP, there is every likelihood that the party will break up, popular scepticism abont the party will increase and industrial unrest will continue.

Last week, workers at 17 of the country's mines went on strike, demanding retirement at the age of 45 and that young people should not be sent to work in the uranium mines.

This week, bus drivers went on strike over working conditions and hospitat staff demanded the reslgnation of the health minister who they claim is corrupt. Over the past month alone, nearly 300 strikes have taken place throughout the country.

The social unrest is compounded hy the deteriorating state of the economy. Professor Lyuben, an economist, recently wrote in the party's daily newspaper that 47 per cent of food ttems and more than 60 per cent of goods other than food were in short supply. There is even a shortage of cheese, meat and salt in the countryside. The cost of living rose hy 69 per cent between 1985 and 1989.

The Government seems ill-equipped to restructure the economy, a point which Mr Mladenov touched upon yesterday when he hinted that Mr Georgi Atanasov, the lacklustre Prime Minister, might soon be replaced.

Meanwhile, Mr Mladenov said free elections would be held in May. The UDF has to agree.

Mladenov: struggling to deal with political crisis

Airbus faces $180m bill 'from BAe strike'

By Peter Bruce in Madrid and Paul Abrahams in London

THE strike at British Aerospace (BAe) has cost the Airhus consorttnm some $180m, with production delays running at three months, said Mr Michet Deteharre, the French Transport Ministsr, yesterday.

However, the threat by the French, West German and Spanish partners in Airhus Industrie, the European aircraft manufacturing consortium, to charge British partner BAe $40m for production delays caused by the 12-week-old strike appears to have been lifted.

Mr Deleharre said that no compensation should he sought, adding that "this (the strike) could happen to anyone." BAe said last night that when the qnestion of compensation had first been mooted, the company had believed there was no case to answer.

A meeting of ministers from the four member countries in Madrid yesterday did not discuss compensation for delays caused hy the strike. It confined itself merely to expressing the hope that "BAe will be able to resolve their prohlems as quickly as possihle."

The ministers concentrated instead on ways to streamline management of the consortium and convert it into a singte commercial company. They also considered plans to reorganise production of Airbus's new models.

Mr Claudio Aranzadi, the Spanish Industry Minister, said that while the governments involved would not impose sotntions on the consortium, they could insist on the way financial information is reported to them. He said a meeting of the Airhus Industrie supervisory board in late February would have to make progress on integrating tts finances and on the appointment and role of a new finance director.

The eame meeting would also, the ministers hoped, make proposals on streamlining production. Current Airbus models are assembled in Toulouse and customised in Hamhurg. But Mr Aranzadi confirmed reports that the consortium is now thinking of assembling and customising the A-321 in Hamburg, while manufacturing both the A-330 and A-340 in Toulouse. Ministars would agree to this arrangement if it did not involve substantial extra costs, he said.

Mr Aranzadi also announced that the ministers concerned planned to meet in Paris in three weeks' time with the European Community's external relations commissioner, Mr Frans Andriessen. They will try to reach a common position from which to meet US complaints that subsidies to Airbus Industrie are distorting the world aircraft market.

Dutch threaten to break Nato ranks

By Laura Raun in Amsterdam

AFTER YEARS of conspicuously good behaviour in Nato, the Netherlands is stepping out of line again as it rushes to disarm more quickly than some allies might like.

The Dutch are planning to withdraw at least 750 troops from West Germany and save Fl 2.2bn (abont £700m) in defence spending by 1995 in anticipation of deeper arms cuts after the expected signing of the Conventional Forces in Europe (CFE) treaty in Vienna later this year. With Belgium talking of pulling out of Germany completely, the two countries risk polarising the Western alliance into faster and stower disarmament camps.

The Dutch initiative is a bold ona prompted hy hndgetary constraints and promises of "social renewal" hy the new Christian Democrat-Labour coalition Government. But the governing partners differ on how quickly defence spending should be cut and a final decision will he made only at the end of this year.

The Hague's manoeuvre follows a conciliatory period in which it sought to compensate for its rebellion in the early 1980s over the deployment of medium-range nuclear missiles on Dutch soil. What is unclear is how unilaterally the Dutch will move within Nato.

Mr Relus ter Beek, the Defence Minister, argued that the Netherlands must go heyond current CFE cuts, which will primarily affect the US and Soviet Union.

"The reductions borne by the Netherlands will be rather small and will not be sufficient to offset the financial problems resulting from the Government Policy Accord," he said. That accord, forged by the coalition last November when it took office, calls for a modest 0.6 per cent increase in defence spending in 1990 and 1991 followed hy a freeze, paring Fl 1.2bn from the budget by 1994.

However, the Labour Party, junior partners in the coalition, wants to freeze military spending next year instead of waiting until 1992.

The 750 infantry soldiers represent about 9 per cent of all Dutch troops, including air force, in West Germany. They are part of the 3,550 troops that would he cut by 1995, amounting to 3 per cent of all armed forces. The Government also intends to trim two of its Nato tasks hy providing 18 fewer F-16 fighter aircraft from 1993 and abandoning two guided missile groups in West Germany and one planned for the Netherlands. Fewer suhmarines, minesweepers, helicopters and frigates will he bought.

EC judgment wins a place in history

By Tim Dickson in Brussels

A FORMER official of tha Christian Democrat gronp in the European Parliament, Mr Wolfdieter Yorck von Wartenburg, won a place in legal history yesterday when the European Court of First Instance delivered its maiden judgment in his favour.

Established by EC member states in 1988 to relieve the growing caseload of the European Court, the tribunal began work last November.

Its jurisdiction currently covers disputes between EC institutions and their employees, actions brought against the European Commission under certain articles of the European Coal and Steet Community Treaty and (most importantly) actions brought against Community institutions under the EC's competition rules.

Some 153 cases, about a quarter of those pending before the Court of Justice, were transferred in November, including 78 staff cases and 73 competition cases (of which 54 fall within four large groups of actions attempting to annul Commission decisions alleging anti-competitive agreements in the PVC, low-density polyethylene, polypropylene and welded steel trellis sectors).

Mr Von Wartenburg's case, in which the judges upheld his claim he was unfairly deprived by the European Parliament of an EC installation allowance, is fairly typical of tha 50-70 staff disputes which end up in court each year. The verdict was given only two weeks after the formal hearing, a reflection of the fact that there will genarally be no intermediate Advocate-General's opinion.

Dublin preaches revival to doubting congregation

The economy is booming, says the Government; the population is not so sure, writes **Kieran Cooke**

AN *IRISH* economic revival has been tong awaited. According to a powerful lobby of Dublin economists, it has now arrived.

Mr Albert Reynolds, the country's Finance Minister, will doubtless draw attention to some of the main indicators of the country's economic well-being in a budget speech today. Top of the list will come the Government's achievements in cutting back the Excheqner Borrowing Requirement (EBR).

Last year Exchequer borrowing was I£479m (£450m), well down on a 1989 hudget forecast of I£1.055bn. The gap hetween government spending and revenues was more than I£2bn in early 1987. This has now been pruned back to just under I£280m. The sharp reduction in government borrowing has been achieved mainly through big cuts in government expenditure (reduced from 55 per cent of gross national product to 44 per cent over the past three years) and substantial improvements in tax collection.

At the same time the economy has grown hy an average annual rate of 4 per cent since 1987. Exports are running at record tevels, up from I£10bn in 1987 to an estimated £I 14.3bn last year. Despite a considerable increase in consumer spending in recent months, Ireland is likely to have had a trade surplus in 1989 of more than I£2bn, equivalent to 10 per cent of GNP.

Inflation has meanwhile been kept down (to about 4 per cent last year), productivity and manufacturing investment have increased and contributed to what the OECD has described as "a remarkable turnaround in both domestic and foreign confidence in ths Irish economy."

Added to this optimistic picture is the boost that nearly I£3bn of EC structural funds is likely to give the economy. The money will form part of an I£9hn three-year development programme, described as the largest single such programme in the history of the state, which is aimed at improving the country's infrastructure in preparation for the single European market.

However, Mr Reynolds will also have to grapple with the other, less than happy, aspects of the Irish economy. Top of this list comes unemployment, which at 17 per cent is twice the EC average. Though there are predictions that there will be a slight increase in jobs over the next two years, high levels of unemployment now threaten to become a permanent feature.

The Government also has to cope with what is seen as the increasing inequalities in Irish life. Expenditure cutbacks have caused serious problems in many areas, particularly in the health service. The present jobless figures would be considerably higher if not for the substantial slice of the workforce leaving each year. Emigration is now running at about 40,000 per year, with one in 20 of the population having left the country since 1982.

Though Ireland has tha highest birth rate in Europe, its population is still falling. There is also a questionmark over just how well founded is the Irish economic revival. Foreign concerns still account for a large proportion of the growth in investment, new jobs and exports. Significantly, some overall growth forecasts have been trimmed back following recent larger than expected profit repatriations by Irish subsidiaries of foreign multinationals.

While some foreign companies have become firmly established in Ireland, others are rationalising operations and moving closer to larger markets.

There are indications that Mr Reynolds might move against some of the more generous tax breaks given to foreign companies in today's budget. But he only has limited room for manouevre, not wishing to blunt Ireland's ahility to attract further inward investment.

The present Government has been successful in holding together a broad consensus of wage and productivity agreements with unions and other interested parties. But the Government still has to deliver on promises to increase employment and reduce taxes, among the highest in the EC. Mr Reynolds is likely to offer some concessions on tax in the budget, not only to ensure continuing industrial peace but also to bring Ireland's tax regime more into line with the rest of the Community. But again, there are constraints.

The Irish national debt, at I£25bn, continues to act as a serious impediment to development. Debt servicing charges alone last year were more than I£2bn, or I£40 per week for every worker in the country.

The present Government forecasts continuing growth. Boom or bust, with a surfeit of politics and paucity of planning, have been features of Irish life over the years. It will take time before the majority of the population is convinced that better economic times have in fact arrived.

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